

See page 44-46.
Calendar No. 988

93^d CONGRESS }
2d Session }

SENATE

{ REPORT
No. 93-1028

**TREASURY, POSTAL SERVICE, AND GENERAL
GOVERNMENT APPROPRIATION BILL, 1975**

JULY 24, 1974—Ordered to be printed

Mr. MONTROYA, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 15544]

The Committee on Appropriations, to which was referred the bill (H.R. 15544) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies for the fiscal year ending June 30, 1975, and for other purposes, reports the same to the Senate with various amendments and presents herewith information relative to the changes recommended:

SUMMARY OF THE BILL

The bill provides a total amount of \$5,563,508,000 which is \$679,659,000 under the appropriations for 1974, \$54,688,000 under the revised estimates for 1975, and an increase of \$59,714,000 over the appropriations in the House bill totaling \$5,503,794,000.

The following tables summarize the amounts of new budget (obligational) authority recommended in the bill for fiscal year 1975 compared with amounts appropriated to date for fiscal year 1974 and with the revised 1975 budget estimates and House bill. The tabulation by items of appropriation is included at the end of the report.

Amount of bill as passed by House.....	\$5,503,794,000
Amount of increase by Senate.....	59,714,000
<hr/>	
Amount of bill as reported to Senate.....	5,563,508,000
Amount of budget estimates of new (obligational) authority, fiscal year 1975.....	5,618,196,000
Amount of new budget (obligational) authority, fiscal year 1974.....	¹ 6,243,167,000
Senate bill as reported compared with:	
Amount of budget estimates of new (obliga- tional) authority, fiscal year 1975 (as revised)	-54,688,000
Amount of new budget (obligational) au- thority, fiscal year 1974.....	-679,659,000

¹ Includes supplemental appropriations enacted to date.

Agency and item (1)	New budget (obligational) authority, fiscal year 1974 (to date) (2)	Budget esti- mates of new (obligational) authority, fiscal year 1975 (3)	New budget (obligational) authority recommended in House bill (4)	New budget (obligational) authority recommended by Senate committee (5)	Increase (+) or decrease (-); Senate bill compared with—		
					New budget (obligational) authority, fiscal year 1974 (to date) (6)	Budget esti- mates of new (obligational) authority, fiscal year 1975 (7)	House bill (8)
Title I, Treasury Department-----	\$1,926,738,000	\$2,342,665,000	\$2,231,215,000	\$2,289,454,000	+\$362,716,000	-\$53,211,000	+\$53,239,000
Title II, Postal Service-----	1,608,000,000	1,552,607,000	1,550,000,000	1,550,000,000	-148,000,000	-2,607,000	
Title III, Executive Office of the President-----	570,887,000	81,987,000	74,872,000	76,387,000	-494,510,000	-5,570,990	+1,515,000
Title IV, Independent agencies-----	2,047,532,000	1,640,967,000	1,647,707,000	1,647,967,000	-399,865,000	+6,700,000	-40,000
Grand total, titles I, II, III, and IV, new Budget (obligational) authority-----	6,243,167,000	5,618,196,000	5,503,794,000	5,563,548,000	-679,659,000	-54,688,000	+59,714,000

TAXPAYER ASSISTANCE

The Subcommittee on Treasury, Postal Service and General Government Appropriations again held extensive hearings this year to look into the problem of Internal Revenue Service taxpayer assistance and compliance programs.

The hearings, as in the past, were valuable, and fruitful. It was evident that some progress had been made since the previous year's hearings. Several of the witnesses who testified this year had also testified at prior hearings.

Unfortunately, the recurrent theme of both sets of hearings was the same: There are still serious problems running through the administration of the U.S. Tax Code by the IRS, and most witnesses indicated a belief that very little had been done to improve the situation for the average taxpayer.

The following is a summary of the most important aspects of the testimony and the suggestions that developed for change both within IRS administration and in the application of the Internal Revenue Code. The Committee can also report improvements and changes which have been made in the past year that are directly attributable to IRS recognition of taxpayer concerns raised through these hearings, of congressional intent, and of IRS' own independently gathered evidence.

Witnesses before the Subcommittee were taxpayers and representatives of taxpayer organizations, expert and distinguished tax professionals, tax lawyers both on and off the Tax Court, and IRS personnel themselves, including the present Commissioner, Mr. Donald Alexander.

The Subcommittee received testimony which evidenced concern in the following areas:

- A. Dissemination of Information
- B. Infringement on Taxpayer rights
- C. Problems related to use of U.S. Tax Court
- D. Sufficiency of Amount Exempt from Levy
- E. Allegations of a "quota" system used by IRS agents.

Following is a brief summary of the testimony on these matters, with the notation that this summary represents the opinions expressed in the testimony and not necessarily the conclusions drawn by the Subcommittee itself.

A. DISSEMINATION OF INFORMATION

The most pervasive theme of the testimony, present in every statement of non-IRS connected witnesses, is the fact that taxpayers lack IRS information about important but routine IRS procedures. Many witnesses testified to taxpayer ignorance of filing obligations, for instance. Other witnesses testified to the lack of information about various tax forms and the fact that numerous tax forms were not easily available to the taxpayer.

Data on the nature of an audit, either by correspondence, in the office, or in the field, is difficult for taxpayers to obtain. In many cases the existence of such data is unknown to the taxpayer. Witnesses often expressed the feeling that administrative expediency was being substi-

tuted for taxpayer service. This was particularly true of what was seen as the right of taxpayers to concrete and detailed information about the audit procedure, the administrative appeals from audit within IRS and the inexpensive small case division of the U.S. Tax Court.

Particularly disturbing was testimony concerning the problems of the elderly. This group of taxpayers is often handicapped by age, by a narrow financial capability, and by ill health. They are asked to fill out confusing and sometimes unobtainable tax forms. The IRS has not yet successfully reached this special group with sufficient information to make their tax problems less of a burden. One witness reported that eighty percent of the elderly now must seek expensive outside tax help. The testimony of representatives of the AARP reported repeated requests to the IRS for better and more extensive tax information for the elderly.

Some testimony indicated a belief by taxpayers that the IRS policy of "fostering compliance" was intentionally being furthered by an effort to keep the taxpayers in the dark.

A further information problem, uncovered in testimony concerned statistical information about IRS programs and the administration of IRS itself. Witnesses described their efforts to obtain statistics as "difficult" or "filled with contrived obstacles". Freedom of Information related requests have allegedly been refused and delays have been long. Costs to those who request information is sometimes far too high.

An example of the problem which citizens face in searching out statistical information is seen in the now defunct document # 5667, "The Audit Story". Testimony was received which indicated that IRS has discontinued publication of this document in the face of repeated requests for its continuance.

B. INFRINGEMENT ON TAXPAYER RIGHTS

Perhaps the most serious problem reported in the testimony before the committee was that of potential infringement of taxpayer rights.

While discussing the use and alleged abuse of Jeopardy Assessments, witnesses stressed that no guidelines (other than individual discretion) currently exist to determine the need for assessment, the size of assessment, or abatement of assessment. The Code Sections 6851 and 6861 allow the IRS great latitude in making Jeopardy Assessments. IRS regulations only slightly narrow this power. There presently exists no quick, post-assessment judicial review of such an assessment. One witness asked that provision for a mandatory hearing in the proper district court be made so that the government would be forced to prove that a Jeopardy Assessment was necessary and that its size was reasonable. IRS witnesses objected to this criticism on the grounds that time is critical and financial factors are not always easily or clearly defined in these cases. However, it was the feeling of witnesses that when the service knows enough about an individual's activities to want to make a Jeopardy Assessment, it should know enough to moderate the size of the assessment and present reasonable grounds for decisions it has made.

In discussion of a related problem, witnesses brought to the attention of the Subcommittee a mechanism called "Termination of the

Taxable Year" (IRC Section 6851). If, in the eyes of the IRS, a taxpayer plans to do anything" . . . tending to prejudice or to render wholly or partly ineffectual proceedings to collect the income tax for the current or the preceding taxable year . . .", the IRS may immediately terminate the tax year, issue a notice of deficiency, and declare the taxes due and payable. Collection procedures may then be initiated.

The problem in this instance is that sometimes individuals undergoing audit are asked to extend the period covered by the statute of limitations in order to allow the IRS more time. If the taxpayer refuses, the IRS can initiate the termination procedure. Commissioner Alexander has assured the Subcommittee that IRS instructions prohibit making actual Jeopardy Assessments on an individual simply because he refuses to grant an extension of the statute of limitations. The record will include copies of the IRS directions which regulate Jeopardy Assessments and terminations. However, the Commissioner stated for the record that "if a taxpayer's return is under examination and if the period of limitations is about to expire, and the taxpayer does not cooperate in extending the statute of limitations, we should do something about it." There is clearly a difference of viewpoint between the testimony of some witnesses and the testimony of the IRS. The statute of limitations was enacted to provide some relief from the red pencil of the auditor. In normal cases, IRS is legally allowed three years to complete the audit. If the taxpayer is truly faced with the choice of extending that period or facing immediate and unreviewable assessment, the intent and value of the statute itself seems to be in question.

C. PROBLEMS RELATED TO THE USE OF U.S. TAX COURT

Testimony was received which indicated that small taxpayers who decide not to respond to an IRS audit notice, but instead petition to the U.S. Tax Court, are subjected to unfair treatment by the IRS. The allegation was made that in cases where the taxpayer decides to forego audit and go directly to the court, his petition is delivered by IRS into the audit division of IRS and to a "small case coordinator" these audit personnel then contact the taxpayer directly in order to achieve immediate settlement.

A Commissioner of the Tax Court testified that this procedure can—and has—led to harassment of the taxpayer by audit employees. Commissioner Alexander defended this procedure, citing the Chief Judge of the Tax Court as an advocate. When contacted, the Chief Judge indicated that he has personally seen no abuse of this process.

Of course, the natural inclination at the IRS audit division is to settle cases for the maximum amount and in favor of the government. The Subcommittee needs to probe further on the effects of the current petition referral procedure and on the statistics concerning amounts settled for in varying circumstances. At the present time the evidence the Subcommittee has received indicates that when settlement occurs at the examining level the government nets more money than when the case goes to tax court. Are the rights of the taxpayer properly served if government revenue is increased by encouraging the taxpayer to avoid use of the tax court? This question is clearly an important area which must be explored.

D. SUFFICIENCY OF AMOUNTS EXEMPT FROM LEVY

The American Bar Association testimony before the Subcommittee indicated a concern that the amount of money exempt from levy by the IRS was inadequate. A qualified ABA representative stated that "In an era where a succession of laws has been enacted providing for support and subsidy payments by governments to low income individuals and families who are living at a poverty or bare subsistence level, it is anachronistic for the Treasury to levy total earnings where to do so would take all funds even if committed to other creditors and could leave such a taxpayer living at a sub-subsistence level." The Bar's recommendations include making at least an additional one hundred dollars per week for up to four weeks exempt from levy. This would require revision of the tax code.

E. ALLEGATIONS OF A QUOTA SYSTEM USED BY IRS AGENTS

The Subcommittee received repeated testimony indicating that taxpayers believe there is an audit and collection "quota system" in IRS. Evidence submitted to the committee suggests that there is at least an informal goal system in existence. Commissioner Alexander and his associates are making an effort to eliminate remnants of this arrangement, but clearly the problem may require more serious reform than has been achieved so far.

The quota issue results from the fact that agent evaluation is based on measurable achievement and also that personal satisfaction of agents and especially of revenue officers is based on numbers of cases closed or seizures made. It must be clear that the Committee's estimate is derived in part from many informal talks between Members and ex-IRS personnel, as well as staff reports. It may be necessary to make an effort to restructure the goals and change the criteria used for measuring success in an agent. The stress should be in finding a fair decision in every case, rather than on the number of dollars collected by the agent or revenue officer.

Informally, many tax authorities acknowledge the existence of quota pressure on agents. The thousands of letters that have come to the Subcommittee since these hearings opened confirm the belief of many citizens that "production goals and quotas are the name of the game." One high ranking IRS administrator recently informed the staff that the quota pressure was an enduring by-product of our emphasis on "firm compliance" and higher revenue levels.

It is clear to taxpayers that a quota system is liable to breed an unfair tax system. This feeling is strongly expressed in the testimony of Mrs. Barbara Hutchinson, a witness who claims to represent the frustrated taxpayers who find little to cheer for in either IRS administration and services or in Congressional "tax decency."

If left to smolder, this kind of taxpayer anger can be ignited in unhealthy and uncontrollable reaction. The taxpayer revolt predicted by Mrs. Hutchinson in her testimony before our committee is unpleasant to contemplate. Lack of access to information about tax questions, agent arbitrariness, and an intolerant, rigid "compliance" attitude on the part of representatives of the government will surely increase the chances of such a revolt.

From the testimony summarized in the above remarks, from information received at last year's hearings, and from independent investigation by the staff of the Subcommittee, the following recommendations are offered for consideration by the Congress and IRS:

1. *Immediate effort and tangible progress in reaching older taxpayers with better information and service.* It is urged that IRS computers be used to assist in providing direct contact with elderly taxpayers, and that the social security network be used to assist this effort to reach older taxpayers. Some Taxpayer service representatives should be specifically equipped to handle the special problems of the aged who can come to IRS offices. For those who are unable to come to the Offices, IRS telephone assistance operators must be specifically prepared to anticipate and ferret out the possibly inarticulate queries of the elderly.

2. *Inclusion of Publication 556, "Audit of Returns, Appeal Rights, and Claims for Refund," in the letter to the taxpayer which notifies him or her of an impending audit.* This publication is currently sent to the taxpayer only upon request. The Subcommittee has repeatedly urged that it be sent automatically to the taxpayer who needs the information it contains. In addition, the Subcommittee suggests some modest improvements in the publication itself. Taxpayer options must be set out in clear language, and the taxpayers must be fully informed of their rights *before* an audit.

3. *Post Jeopardy Assessment Judicial Review.* The Subcommittee has requested that IRS make clear to the Subcommittee within a few weeks their reasons for believing that post-Jeopardy Assessment Judicial Review would be deleterious to fair collection of tax revenue. Jeopardy Assessment implies a de facto seizure of property, and the Subcommittee feels that a court hearing soon after the Assessment would properly require the government to persuade the court of the necessity for and the size of the assessment.

4. *Review of the current IRS practice involving petitions referred from the tax court to IRS.* The Subcommittee will insist on assurance that the taxpayer is not subject to hardship or embarrassment in an audit contact procedure which he has attempted to avoid through his petition to the court. The present method of disposing of certain small tax cases which have been appealed to the tax court does not appear to be completely fair and evenhanded. It may be that the Congressional intent in Internal Revenue Code Sections 7456 and 7463 is not being correctly interpreted in these cases.

5. *Continued production, compilation and dissemination of information compiled previously in Doc. 5667, The Audit Story.* The documents used by IRS in compiling this document should be available to both the Congress and the public. The Library of Congress should be supplied with this information, and with any other IRS documents and working statistics which this Committee and Congress deem necessary for appropriate oversight of IRS.

6. *Increased training for taxpayer service representatives.* The Subcommittee urges that an effort be made by IRS to revise training procedures and methods, and to lengthen the time allowed for training taxpayer service representatives. The training period now is two to three weeks long. This does not seem to be sufficient time to equip these

personnel with needed skills to assist the taxpayer at the local level. It should be stressed that these representatives are usually the only individuals who represent the IRS to the taxpaying public, and as such are the most important and potent force for creating either a good or a bad image in the eyes of the public.

7. *Inquiry into charges of IRS secrecy concerning Freedom of Information related and statistical information.* The Subcommittee has heard many charges that IRS is renumbering statistical tables, overcharging for printed and xeroxed material, or allowing too much time to elapse before information requests are acknowledged and complied with. There may be honest disputes concerning what information can or should be released or concerning the cost of reproducing information. However, it is suggested that where cost alone is the factor, the government should bear a greater share of the cost in the interest of improving taxpayer information and access. Public confidence in the audit and collection activities of IRS will result from more open access to information and statistics. IRS is urged to re-examine its policy concerning administrative secrecy and confidentiality.

8. *Inquiry into the continued charges of quota systems.*

The Subcommittee has requested ongoing and periodic reports from IRS concerning the efforts being made to assure that undue production pressure is not being exerted on agents and officers, and, through them, on taxpayers. The Subcommittee is fully aware of the difficulty attending the complete elimination of these pressures. In addition we are aware of the personal judgments which are made concerning the existence of such pressure. However, the weight of testimony clearly indicates that a pervasive belief in the existence of a "quota system" continues. Initiative and aggressive action by IRS administrators will be required to bring this situation under better control.

IRS IMPROVEMENTS

While this report has stressed charges and allegations made by witnesses before the Subcommittee concerning faults in the IRS taxpayer services it is pleasing to also report on the major improvements which have been made by IRS in these service areas in the last year.

First, there has been an increase of IRS authority at the District Conference level of Appeal. This change allows IRS District conferees to consider the hazards of litigation in conference, and, allows the taxpayer the opportunity to compromise at the early appeals level. The change marks a victory for taxpayers.

Second, IRS has initiated a new Taxpayer Service Division. This Division will be more autonomous than the old Audit, Collection and Taxpayer Service Branch. We cannot yet assess the effect this new Division will have for taxpayers, but it is a step in the right direction, and IRS is to be commended. The Subcommittee's only reservation concerns supervision of the new Division, which still seems to be under the influence of the Collections Division. Without total separation of the management and supervision of these two activities, the change could be merely one of name.

Third, IRS is to be commended for the ongoing effort to improve form letters used in contacting taxpayers. IRS machine-generated

correspondence has been significantly changed for the better. The Notice of Audit (L-04) now contains language to reassure frightened taxpayers that an audit does not mean suspicion of fraud or wrongdoing on the taxpayer's part. Although it is inadequate (see Recommendation #2 above), mention is made in this notice of the availability of appeals information, which is an improvement on past letters. Overall, IRS letters are now friendlier in tone and exhibit proper respect for the taxpayer.

In summation the Subcommittee feels this year's hearings have produced much good information and many worthwhile suggestions from both taxpayers and professionals. It is clear that we have not yet achieved the taxpayer reforms which are needed, but that progress is being made. The Subcommittee will therefore continue to insist on review of IRS practices and periodic reports from IRS on progress being made to achieve the goals of recommendations made in this report.

When additional appropriations are requested, the Subcommittee will carefully consider the evaluation of progress in these areas. Particular consideration will be given to any additional needs to carry out the recommendations of the Subcommittee.

EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

It is again stressed that one of the most important functions of the Civil Service Commission is to assure a merit work force so that the public can be guaranteed a personnel management program and a work force of the highest caliber and quality. The Committee also recognizes that it is equally vital and important that all citizens, regardless of race, color, creed, sex or ethnic background, be afforded and given equal employment opportunities in the Federal Service. In this connection, the Civil Service Commission is again directed to pursue, with vigor, a program of affirmative action to assure equal opportunity in Federal employment and the Committee again directs that this program be given the highest priority possible.

The Committee recognizes that some measures have been taken by the Commission to comply with Committee directives but testimony before the Committee again indicates that the Civil Service Commission has not sufficiently pursued its obligations under the Equal Employment Opportunity Act of 1972 in a manner consistent with the spirit and letter of the Act.

For example, a review of Federal employment statistics with regard to employment of Spanish-surnamed persons reflects that from November 1969 through May 1973 only 4,652 Spanish-surnamed Americans were hired by the Federal Government. On the other hand, Treasury Department employment statistics for the same period reflect an increase of 1,672 Spanish-surnamed employees. Consequently, during the period November 1969 through May 1973 the Department of the Treasury hired approximately one-third of all Spanish-surnamed Americans hired throughout the Federal Government. The Department of the Treasury is commended for their leadership in this highly critical area. In the most recent reports to the Civil Service Commission of Spanish-surnamed hires from 1972 to 1973, Treasury shows an increase

of 541 against the total Federal Government increase of approximately 1,650 new hires.

From the above, it is evident that the Civil Service Commission needs to and must take a variety of steps to assure that bilingual recruiters participate in recruitment activities in order to increase the likelihood of success in recruiting efforts. The President's 16-Point Program should be advanced more aggressively through the Federal Service and the Committee again urges, in the strongest possible manner, that full consideration of Spanish-speaking persons be given to mission-related occupations and executive positions.

TITLE I—DEPARTMENT OF THE TREASURY

Appropriations, fiscal year 1974.....	\$1, 926, 738, 000
Budget estimates, fiscal year 1975.....	2, 342, 665, 000
House allowance.....	2, 231, 215, 000
Committee recommendation.....	2, 289, 454, 000
Bill compared with:	
Total new (obligational) authority, fiscal year 1974.....	+362, 716, 000
Budget estimate, fiscal year 1975.....	-53, 211, 000
House allowance.....	+58, 239, 000

Appropriations totaling \$2,289,454,000 are recommended for the regular annual requirements of the Treasury Department for fiscal year 1975. This is a decrease of \$53,211,000 under the amended estimates of \$2,342,665,000 and an increase of \$58,239,000 compared with the House bill. The amount recommended is \$362,716,000 over the 1974 appropriation of \$1,926,738,000 including supplemental enacted to date.

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$18, 842, 000
Budget Estimate, fiscal year 1975.....	¹ 28, 100, 000
House allowance.....	21, 600, 000
Committee recommendation.....	26, 500, 000
Bill compared with:	
Appropriations, fiscal year 1974.....	+7, 658, 000
Budget estimate, fiscal year 1975.....	-1, 600, 000
House allowance.....	+4, 900, 000

¹ Includes budget amendment of \$3,600,000 for repairs and improvements to Treasury buildings (S. Doc. 93-83).

The Committee recommends an appropriation of \$26,500,000 for salaries and expenses of the Office of the Secretary for fiscal year 1975. The amount recommended is \$7,658,000 more than the amount appropriated for 1974; \$1,600,000 less than the amended budget estimate and \$4,900,000 over the House allowance.

The additional amount over the House allowance provides the full \$3,600,000 requested in the budget amendment for repairs and improvements to the Treasury Building and Treasury Annex. These buildings are special purpose buildings and GSA has notified the Department that effective July 1, 1974 the responsibility for all repair and improvement work on both buildings is the responsibility of the Department. Specifically, the \$3,600,000 includes \$2,000,000 for the second, third, and fourth zones of a ten zone rehabilitation of the air-conditioning

system that was installed 35 years ago; \$1.4 million for the renovation of windows and replacement of electrical systems and fire and security alarm systems; and \$200,000 to complete the new roof on the Treasury Building.

The Committee's increase will provide an additional 14 positions and \$220,000 for the Office of Revenue Sharing, as follows: Administration, 1; Computer Systems and Operations, 5; Data and Demography, 2; Intergovernmental Relations, 1; and Compliance, 5. The Committee endorses the recommendation of the House of Representatives that the operational activities of the Revenue Sharing program should be transferred to an operating bureau.

The balance of the program increase, \$1,080,000, includes \$300,000 for automatic data processing equipment, \$155,000 for increased travel requirement of the equal opportunity and revenue sharing compliance programs; and \$625,000 to fund an additional 27 average positions.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$2,250,000
Budget Estimate, fiscal year 1975	3,200,000
House allowance	3,100,000
Committee recommendation	3,100,000
Bill compared with:	
Appropriation, fiscal year 1974	+850,000
Budget estimate, fiscal year 1975	-100,000
House allowance	

The Committee recommends an appropriation of \$3,100,000 for salaries and expenses of the Federal Law Enforcement Training Center for fiscal year 1975. The amount recommended is \$850,000 more than the amount appropriated for 1974; and the same as the House allowance.

The Federal Law Enforcement Training Center provides the necessary facilities and equipment for conducting training for law enforcement personnel of the participating agencies, and the instructors who teach the basic and some advanced courses in the instruction. This appropriation is for operating expenses of the Center for common law enforcement training and for research in law enforcement training methods and curriculum content. In fiscal year 1974, 87 permanent positions were allowed, and 91 permanent positions, the full amount requested, are allowed for fiscal year 1975.

CONSTRUCTION

Appropriation, fiscal year 1974	\$18,915,000
Budget Estimate, fiscal year 1975	18,915,000
House allowance	18,915,000
Committee recommendation	18,915,000
Bill compared with:	
Appropriation, fiscal year 1974	+18,915,000
Budget estimate, fiscal year 1975	
House allowance	

The Committee recommends an appropriation of \$18,915,000 for construction of the Federal Law Enforcement Training Center for

fiscal year 1975. The amount recommended is \$18,915,000 more than the amount appropriated for 1974; and the same as the House allowance.

This appropriation provides for the costs of constructing the consolidated Federal Law Enforcement Training Center in Beltsville, Md. The Center will conduct training for enforcement personnel of participating agencies. \$28.5 million has already been appropriated for construction.

A law suit seeking to prevent construction of the Center has delayed construction for over two years but was recently resolved in favor of the Government, so construction can now proceed. The Committee feels that this appropriation must be made at this time to prevent further costly delays in construction.

EXPENSES FOR ECONOMIC STABILIZATION
(Liquidating functions)

Appropriation, fiscal year 1974	-----	
Budget Estimate, fiscal year 1975	-----	¹ \$2,560,000
House allowance	-----	
Committee recommendation	-----	2,000,000
Bill compared with:		
Appropriation, fiscal year 1974	-----	+ 2,000,000
Budget estimate, fiscal year 1975	-----	-560,000
House allowance	-----	+ 2,000,000

¹ A budget estimate of \$2,560,000 was transmitted to the Senate (S. Doc. 93-86).

The Committee recommends an appropriation of \$2,000,000 for liquidating functions of the Economic Stabilization Program for fiscal year 1975. The amount recommended is \$2,000,000 more than the amount appropriated for 1974; and \$2,000,000 over the House allowance.

To facilitate the orderly transfer to the Treasury Department and to provide funding in fiscal 1975 for the liquidating functions of the Economic Stabilization Program, a budget amendment in the amount of \$2,560,000 was transmitted to the Congress, S. Doc. 93-86. The transfer and close-out of the office functions, which are expected to be finished by the end of this calendar year, are being accomplished under the authority of Executive Order 11788, dated June 18, 1974.

The Committee has provided \$2,000,000 which is required to accomplish the following objectives: complete 22 Historical Issue Papers presently underway which will be useful if and when another cycle of Price and Wage Controls is implemented in future years; complete an Archives project involving the close-out of all case files and their destruction or placement in storage; provide for the orderly disposition of furniture and equipment, personnel records, contract files, financial functions and building close-out by September 30, 1974; provide legal counsel to the office and assist the Department of Justice in preparing cases for litigation and in preparing cases which are being litigated, to be completed by December 31, 1974; provide for orderly review, processing and disposition of required reports, open cases and other filings completed by December 31, 1974; and phasing down to zero by December 31, 1974 the 150 people from the Cost of Living Council transferred to Treasury on July 1, 1974.

BUREAU OF ACCOUNTS

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$82,078,000
Budget Estimate, fiscal year 1975.....	¹ 102,576,000
House allowance.....	85,000,000
Committee recommendation.....	100,000,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+17,922,000
Budget estimate, fiscal year 1975.....	-2,576,000
House allowance.....	+15,000,000

¹ Includes budget amendment of \$15,376,000 for rate increases in postage, health benefits contributions and supplies (S. Doc. 93-83).

The Committee recommends an appropriation of \$100,000,000 for salaries and expenses of the Bureau of Accounts for fiscal year 1975. The amount recommended is \$17,922,000 more than the amount appropriated for 1974; and \$15,000,000 over the House allowance of \$85,000,000.

This Bureau makes payments for almost all executive agencies and in fiscal year 1975 it is estimated that the Bureau will issue over 646 million checks. Since most of these checks are mailed, the total postage cost alone in fiscal year 1975 is estimated to be over \$51 million. In addition to the check writing function, the Bureau also maintains the central revenue, appropriation and expenditure accounts; prepares the central financial reports of the government; and performs other fiscal functions.

A budget amendment in the amount of \$15,376,000 was transmitted to the Senate to provide additional funds for the increased costs of (1) postage, (2) raw materials, and (3) the increased government share of employee health benefit premiums. The Committee has allowed \$15,000,000 for these additional costs and otherwise concurs with the action of the House of Representatives on this item.

PAYMENT OF GOVERNMENT LOSSES IN SHIPMENT

Appropriation, fiscal year 1974.....	\$800,000
Budget Estimate, fiscal year 1975.....	600,000
House allowance.....	600,000
Committee recommendation.....	600,000
Bill compared with:	
Appropriation, fiscal year 1974.....	-200,000
Budget estimate, fiscal year 1975.....	-----
House allowance.....	-----

The Committee recommends an appropriation of \$600,000 for Payment of Government Losses in Shipment for fiscal year 1975. The amount recommended is the same as the amount appropriated for 1975; and the same as the House allowance.

This account was created as self insurance to cover losses in shipment of Government property such as coins, currency, securities, certain losses incurred by the Postal Service, and losses in connection with the redemption of savings bonds.

This is a revolving fund and any recoveries from losses are reimbursed to the fund, and accordingly the Committee has inserted language to allow this appropriation to remain available until expended. The purpose of the fund is to provide coverage for the losses and at the same time avoid the payment of commercial insurance

premiums, which would have amounted to over \$150 million since the establishment of this fund. In contrast the appropriations into this fund (which reflect the actual costs incurred) have amounted to less than \$6 million.

BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$79,948,000
Budget Estimate, fiscal year 1975.....	¹ 95,299,000
House allowance.....	87,500,000
Committee recommendation	94,639,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+14,691,000
Budget estimate, fiscal year 1975.....	-660,000
House allowance.....	+7,139,000

¹ Includes budget amendment of \$899,000 for increased rates of health benefits, postage, printing, and vehicle operation (S. Doc. 93-83).

The Committee recommends an appropriation of \$94,639,000 for salaries and expenses of the Bureau of Alcohol, Tobacco and Firearms for fiscal year 1975. The amount recommended is \$14,691,000 over the amount appropriated for 1974; and \$7,139,000 over the House allowance of \$87,500,000.

This appropriation provides for the administration of tax and other laws pertaining to distilled spirits, beer, wine and other non-beverage products, tobacco, firearms and explosives, as well as criminal provisions of such legislation. The objectives of the Bureau are to achieve maximum voluntary compliance with laws under ATF jurisdiction; assure full collection of the revenue due from legal industries; suppress the traffic in illicit non-taxpaid distilled spirits, eliminate illegal possession and use of firearms, destructive devices and explosives; cooperate with Federal, state and local law enforcement agencies to reduce crime and violence; and cooperate with Federal, state and local governmental agencies in the areas of industrial development, ecology, and consumer protection.

The Bureau of Alcohol, Tobacco, and Firearms was separated from the Internal Revenue Service in fiscal year 1973. The Bureau has experienced a steady erosion of manpower in the intervening two years so that the average strength has been reduced by 282 average positions. Unfortunately, the bulk of this reduction has occurred in the manpower assigned to the direct mission of the Bureau. Due to an understatement of the amount of support personnel required, agents and other direct mission manpower has been reduced by 115 average positions in this two-year period so that the Bureau has fallen behind during a period of increasing workload.

In addition to fully covering the increased requirements transmitted in the budget amendment, the Committee has provided an additional \$6,240,000 over the House allowance of which \$2,852,000 is required to maintain the Bureau's base program. The Committee also recommends program expansion including \$651,000 for firearms and explosives compliance inspections as only 42% of the annual workload in this area is now being accomplished. For special inspections, such as the theft of taxable alcohol and tobacco products, the Committee has added \$751,000. In order to initiate an ADP service for the Bureau, \$800,000 has been provided as there is evidence that the

application of ADP to several program areas will have a direct bearing on the efficiency and effectiveness of operations. Finally, \$1,186,000 has been provided for the replacement of investigative equipment that is obsolete.

UNITED STATES CUSTOMS SERVICE

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$241, 700, 000
Budget Estimate, fiscal year 1975	¹ 287, 422, 000
House allowance	283, 000, 000
Committee recommendation	284, 800, 000
Bill compared with:	
Appropriation, fiscal year 1974	+43, 100, 000
Budget estimate, fiscal year 1975	-2, 622, 000
House allowance	+1, 800, 000

¹ Includes a budget amendment of \$1,822,000 for increased rates of health benefits, postage, and vehicle operation (S. Doc. 93-83).

The Committee recommends an appropriation of \$284,800,000 for salaries and expenses of the United States Customs Service for fiscal year 1975. The amount recommended is \$43,100,000 more than the amount appropriated for 1974; and \$1,800,000 over the House allowance of \$283,000,000.

The Committee has provided \$1,800,000 for the additional requirements that were included in the budget amendment and otherwise concurs with action of the House of Representatives with regard to the U.S. Customs Service.

Recently, the Office of Management and Budget ordered the immediate transfer of certain statutory authorities and functions along the Mexican border from the U.S. Customs Service to the U.S. Immigration and Naturalization Service. A letter of protest to the Director of Office of Management and Budget was immediately filed by members of the Subcommittee on Treasury, Postal Service, and General Government Appropriations, and the following is a portion of that letter:

"It is the sense of the Subcommittee that continued tampering with statutory authorities will merely serve to further escalate existing operational misunderstandings and create even greater confusion as to the respective roles of the principal law enforcement agencies at ports of entry and along the borders between the ports.

The missions and roles of existing law-enforcement agencies are clearly defined by law and the Subcommittee insists that the proposed transfer be withdrawn.

The U.S. Customs Service, in addition to having very broad statutory authorities for interdiction of contraband, also has the technical knowledge and logistical resources in place to carry out its assigned functions. The Congress has appropriated millions of dollars for the development of the Customs computer network and an advanced radio communications network. In addition, funds for air and water interdiction capabilities with specialized radar and infrared detection devices which exceed capabilities of any other Federal agency have also been provided. In summary, Customs has the legal responsibility and authorities for interdiction along the Mexican and Canadian borders; it has technical know-how, in-place capital investment and trained personnel to per-

form its functions. To disrupt or revise present responsibilities, functions and areas of interdiction will result in greater deterioration of law enforcement capabilities, and the dollar loss would be incalculable."

In order to make the record complete, the Committee agreed that a portion of the response of the Director of the Office of Management and Budget to the Subcommittee's letter should be included in the report:

It is important to note that none of these recommendations requires the transfer of people, resources, or statutory authority. Furthermore, we see no need for additional legislation to resolve a management question which simply requests the return to the status quo before the recent deployment of the Customs Patrol in October 1973.

We do, however, recognize Congress' keen interest and concern in this area. The problems we have addressed are complex, and we welcome all viewpoints in order to ensure a viable and lasting decision. The House Government Operations Committee in particular has expressed interest in reviewing this matter in its oversight capacity. We anticipate working closely with the Committee, and we are certain that the Departments of Justice and Treasury will provide all information that the Committee deems useful.

In this regard we have told Government Operations Committee that we would defer Treasury's redeployment of personnel in order to permit them time to complete a review. In the interim we will proceed to complete the planning necessary to implement the decision. Should Congress uncover any dimensions of the issue that we did not properly consider, we would, of course, reevaluate our position.

In view of the above, the Committee concurs with the action of the House of Representatives in inserting sections 611 and 612 in the bill which provide as follows:

SEC. 611. None of the funds available under this Act shall be available for administrative expenses in connection with the transfer of any functions, personnel, facilities, equipment, or funds out of the United States Customs Service unless such transfers have been specifically authorized by the Congress.

SEC. 612. None of the funds available under this Act shall be available for administrative expenses for the purpose of transferring the border control activities of the Bureau of Customs to any other agency of the Federal Government.

BUREAU OF THE MINT

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$25,290,000
Budget Estimate, fiscal year 1975	33,000,000
House allowance	30,000,000
Committee recommendation	32,000,000
Bill compared with:	
Appropriation, fiscal year 1974	+6,710,000
Budget estimate, fiscal year 1975	-1,000,000
House allowance	+2,000,000

The Committee recommends an appropriation of \$32,000,000 for salaries and expenses of the Bureau of the Mint for fiscal year 1975. The amount recommended is \$6,710,000 more than the amount appropriated for 1974; and \$2,000,000 over the House allowance of \$30,000,000.

Recently, the Federal Reserve Banks forecast a demand of 15 billion coins for the Nation's economy in fiscal year 1975. The budget request contemplates the minting of 10.9 billion coins, which is far short of this estimate. The Committee has restored \$1 million of the \$1,578,000 that the House of Representatives reduced the request for the manufacture of coins. The Committee has also provided an additional \$1,000,000 for the procurement of additional coin presses necessary to meet the heavy demand for coins in fiscal years 1976-1977, which may go as high as 17 billion pieces. The Committee also takes note of the penny retrieval program that was recently launched by the Director of the Mint. While the impact on the Mint's budget is only \$140,000 for every 100 million pennies turned back into circulation, the point is that for every 100 million coins returned for reissue the increased demand for new penny production is significantly lessened.

CONSTRUCTION OF MINT FACILITIES

Appropriation, fiscal year 1974.....	
Budget Estimate, fiscal year 1975.....	\$11, 800, 000
House allowance.....	
Committee recommendation.....	
Bill compared with:	
Appropriation, fiscal year 1974.....	
Budget estimate, fiscal year 1975.....	-11, 800, 000
House allowance.....	

The Committee concurs with the action of the House of Representatives in disallowing without prejudice the request for construction of new Mint Facilities as the site has not been selected. In view of the discussion of increased demand for coins in the item immediately above, the Committee urges that the site be promptly selected so that construction may begin.

BUREAU OF THE PUBLIC DEBT

ADMINISTERING THE PUBLIC DEBT

Appropriation, fiscal year 1974.....	\$80, 880, 000
Budget Estimate, fiscal year 1975.....	¹ 89, 653, 000
House allowance.....	85, 000, 000
Committee recommendation.....	88, 500, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	+7, 620, 000
Budget estimate, fiscal year 1975.....	-1, 153, 000
House allowance.....	+3, 500, 000

¹ Includes a budget amendment of \$1,253,000 for increased rates of health benefits and postage (S. Doc. 93-83).

The Committee recommends an appropriation of \$88,500,000 for the expenses of the Bureau of the Public Debt for fiscal year 1975. The amount recommended is \$7,620,000 over the amount appropriated for 1974; and \$3,500,000 over the House allowance of \$85,000,000.

The Bureau of the Public Debt is responsible for administering the laws and regulations pertaining to public debt financing and operations. The Bureau is concerned with the issuance, servicing and retire-

ment of government securities. It also includes the U.S. Savings Bonds Division, which is responsible for the promotion of the sale of savings bonds.

The Committee has approved an addition of \$3,500,000 to the House allowance. The increase includes \$1,250,000 for the budget amendment, and \$2,250,000 for program increases that cannot be accomplished within the House amount without reducing mandatory reimbursements for Federal Reserve Banks' operations and paying agents' fees. These costs are mandatory in nature and would have to be covered in a supplemental.

The Committee expects savings to flow from the merger of the Bureau's office in Chicago into the office at Parkersburg, West Virginia, in succeeding years, but inasmuch as the actual move will not occur until early 1975, significant savings beyond those contemplated in the estimate cannot be realized.

INTERNAL REVENUE SERVICE

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$37,087,000
Budget estimate, fiscal year 1975	41,500,000
House allowance	40,000,000
Committee recommendation	41,000,000
Bill compared with:	
Appropriation, fiscal year 1974	+3,913,000
Budget estimate, fiscal year 1975	-500,000
House allowance	+1,000,000

The Committee recommends an appropriation of \$41,000,000 for salaries and expenses of the Internal Revenue Service for fiscal year 1975. The amount recommended is \$3,913,000 more than the amount appropriated for 1974; and \$1,000,000 over the House allowance.

This appropriation provides for the overall direction of the Internal Revenue Service, for program planning and determining resource needs, for managing its administrative support and for the maintenance of employee integrity and internal controls.

The Committee has inserted language in this and the other IRS appropriations to retain the long-time authorization to the Commissioner to establish rates of payment for expert witnesses without regard to the Civil Service laws and regulations. This authority is used to enable the Service to hire expert, and frequently expensive, witnesses in tax court cases. While the courts have held that an official who is authorized to conduct litigation may contract for expert witnesses when this action is necessary to properly defend the Government's interest, there is no specific authority for the Commissioner to hire expert witnesses at required levels of compensation other than the inserted provision.

The manpower financed by this appropriation has stayed roughly constant for several years, but workload has increased substantially. The IRS as a whole has grown, requiring more and more kinds of support programs; three new service centers have been opened, requiring the full range of Internal Audit and Internal Security programs; Service management has found real value in "on-line audits," a technique for evaluating new programs in their initial stages so that flaws can be corrected, and is making greater use of this effective but man-

power consuming technique; a concentrated effort is being made to monitor program performance and assure that the requirements of law, regulation, and Service policy are fully complied with; the transfer of responsibility for budgeting for space acquisition and maintenance costs from GSA to customer agencies has and will continue to require increased attention to their physical facilities; the emphasis on various Equal Employment Opportunity programs, including Upward Mobility and the Sixteen-Point program for the Spanish-speaking, all of which require a substantial manpower input; and union relations program, including multi-district, multi-service center, and multi-regional agreements, have placed a substantial additional workload on a static work force. These are only a few examples of a clear and continuing trend.

A further problem is the return of employees from the Economic Stabilization Program. Approximately 45 people are returning to Administration and Planning and Research. These are career employees with return rights and who were given clear guarantees of jobs in tax administration after termination of the Stabilization program. IRS planned to finance these returnees in part from savings in the support cost area and in part from the additional jobs requested in the FY 1975 budget. The House allowance would, of course, eliminate the latter alternative. To live within the House allowance, IRS would have to eliminate the increases proposed in the budget for Internal Audit, sharply restrict replacing vacancies that may occur in Executive Direction, and restrict spending for support costs, including training, travel, and purchases of supplies and equipment.

The Committee's recommendation of \$41,000,000 would maintain these critical responsibilities and provide for 1,792 permanent positions.

ACCOUNTS, COLLECTION AND TAXPAYER SERVICE

Appropriation, fiscal year 1974.....	\$610,683,000
Budget Estimate, fiscal year 1975.....	¹ 721,025,000
House allowance.....	705,000,000
Committee recommendation.....	712,600,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+101,917,000
Budget estimate, fiscal year 1975.....	-8,425,000
House allowance.....	+7,600,000

¹ Includes a budget amendment of \$7,625,000 for rate increases for postage, health benefits, and mileage (S. Doc. 93-83).

The Committee recommends an appropriation of \$712,600,000 for the Accounts, Collection and Taxpayer Service of the Internal Revenue Service for fiscal year 1975. The amount recommended is \$101,917,000 more than the amount appropriated for 1974; and \$7,600,000 over the House allowance of \$705,000,000.

This appropriation is comprised of three major activities: Data Processing Operations, Collection and Taxpayer Service, and Statistical Reporting. The Data Processing and Statistical Reporting Activities are responsible for receiving and processing tax returns, issuing refunds and notices, revenue accounting and preparation of statistical information on income and other features of the tax system. The Collection and Taxpayer Service activity is responsible for assisting taxpayers and for collecting unpaid taxes and securing unfiled returns.

It is estimated that the total number of tax returns filed will increase from about 120.2 million to about 122.9 million. Refunds scheduled to taxpayers are expected to increase from about 63.5 million to 64.7 million. These increases in volume require increases in both funding and personnel and the recommended appropriation will cover the full request of 35,750 positions. The Committee has increased the amount allowed by the House by \$7,600,000 to cover the mandatory increases in the budget amendment.

COMPLIANCE

Appropriation, fiscal year 1974.....	\$664, 430, 000
Budget estimate, fiscal year 1975.....	¹ 807, 940, 000
House allowance.....	780, 000, 000
Committee recommendation.....	791, 000, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	+126, 570, 000
Budget estimate, fiscal year 1975.....	-16, 940, 000
House allowance.....	+11, 000, 000

¹ Includes a budget amendment of \$4,640,000 for rate increases for postage, health benefits, and mileage (S. Doc. 93-83).

The Committee recommends an appropriation of \$791,000,000 for Compliance for fiscal year 1975. The amount recommended is \$126,570,000 more than the amount appropriated for 1974; and \$11,000,000 over the House allowance of \$780,000,000.

This appropriation provides funds for those activities of the Internal Revenue Service which are primarily responsible for assuring compliance with the tax laws and for carrying out special law enforcement programs assigned to the Revenue Service.

The country's self-assessment system of taxation depends for its success on voluntary compliance, the willingness of taxpayers to assess their own tax correctly. Noncompliance with tax laws takes several forms. Some taxpayers simply fail to file returns. Others file but do not report all their income. Many taxpayers claim deductions, credits or exemptions to which they are not entitled. Noncompliance, willful or otherwise, means billions of dollars which should be but are not part of the Government's annual tax receipts. It also represents inequity, for the many who comply must shoulder the burden of the few who do not. Adequate, evenhanded IRS enforcement is vital to the public's confidence that the government is administering the tax laws fairly and equitably.

The Service deals with the various forms of noncompliance by combining the capacities of the Audit, Appellate and Intelligence functions. Audit of tax returns is the most important of resources applied, in additional revenue yield and in salutary effect on voluntary compliance. The Appellate program is an important supplement to the audit process. In those instances where the taxpayer disagrees with audit findings, the appeals program provides an independent administrative review within the Service itself. Intelligence plays an important part in promoting tax compliance by investigating taxpayers where tax fraud is indicated. When the facts developed by the investigation warrant, prosecution is recommended for criminal tax violation.

The Committee was advised that the House allowance would permit about 2,550,000 examinations, or 160,000 less than proposed. The improvements proposed for the tax fraud programs would have to be scaled back to a similar degree. This would further delay attaining the

program levels necessary on a recurring basis for an effective tax administration system. Secondly, the return to tax administration jobs employees who took the assignments with the Economic Stabilization program will require that the allocation of more money to the Audit program than the House action provides for. Within the appropriation approved by the House, the additional funds required for the commitment to returning revenue agents could only have been obtained by reducing funds for Tax Fraud, Technical Rulings, and Legal Services by an equivalent dollar amount.

The Committee's recommendation, in addition to covering the mandatory increases in the budget amendment, will allow for the absorption of the returning Economic Stabilization employees and raise the audit coverage from 2.2 to 2.3 percent.

FEDERAL TAX LIEN REVOLVING FUND

Appropriation, fiscal year 1974	-----	
Budget Estimate, fiscal year 1975	-----	\$500,000
House allowance	-----	500,000
Committee recommendation	-----	500,000
Bill compared with:		
Appropriation, fiscal year 1974	-----	+500,000
Budget estimate, fiscal year 1975	-----	
House allowance	-----	

The Committee recommends an appropriation of \$500,000 for the Federal Tax Lien Revolving Fund for fiscal year 1975. The amount recommended is \$500,000 over the amount appropriated for 1974; and the same as the House allowance.

This appropriation will provide the full \$1,000,000 capitalization of this fund which is used by the Internal Revenue Service to purchase properties of delinquent taxpayers undergoing forced sale in order to protect the Government's interest.

The Committee has several concerns about the way IRS uses this ability and intends to look into the situation in subsequent hearings.

OFFICE OF THE TREASURER

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	-----	\$13,200,000
Budget Estimate, fiscal year 1975	-----	15,500,000
House allowance	-----	14,000,000
Committee recommendation	-----	14,000,000
Bill compared with:		
Appropriation, fiscal year 1974	-----	+800,000
Budget estimate, fiscal year 1975	-----	-1,500,000
House allowance	-----	

The Committee recommends an appropriation of \$14,000,000 for salaries and expenses of the Office of the Treasurer for fiscal year 1975. The amount recommended is \$800,000 more than the amount appropriated for 1974; and the same as the House allowance.

This office is essentially the banking facility for the Government. It is particularly charged with receiving, disbursing, and accounting for the public monies of the United States; furnishing checking account facilities for Government disbursing officers; paying Treasury checks and reconciling such payments with reports of issue; handling claims due to loss, theft, or forgery of Government checks; paying principal and interest on public debt obligations presented to the Treasurer;

maintaining custody of securities deposited as collateral; and providing safekeeping for other securities.

The Committee has taken note of the fact that a reorganization occurred after the President's Budget was submitted to Congress. This reorganization split the Office of the Treasurer into three parts. Most of the positions and funds were transferred to the newly formed Bureau of Government Financial Operations, but some functions were transferred to the Office of the Secretary and some to the Bureau of the Public Debt. The Committee has acted on the appropriation as it was requested in the President's budget with the understanding that the funds will ultimately be transferred to other accounts. The Committee concurs in the request of the House of Representatives that detailed information regarding the reorganization be submitted to the Appropriations Committees.

UNITED STATES SECRET SERVICE

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$69,550,000
Budget Estimate, fiscal year 1975..... ¹	83,075,000
House allowance.....	77,000,000
Committee recommendation.....	79,300,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+9,750,000
Budget estimate, fiscal year 1975.....	-3,775,000
House allowance.....	+2,300,000

¹ Includes a budget amendment totalling \$3,575,000 (S. Doc. 93-83) consisting of \$650,000 for rate increases for health benefits, postage, mileage and fuel; and \$2,925,000 for 140 additional Executive Protective Service personnel.

The Committee recommends an appropriation of \$79,300,000 for salaries and expenses of the United States Secret Service for fiscal year 1975. The amount recommended is \$9,750,000 more than the amount appropriated for 1974; and \$2,300,000 over the House allowance of \$77,000,000.

This appropriation provides for the protection of the President of the United States, members of his immediate family, the President-elect, the Vice President or other officer next in the order of succession to the Office of the President, and the Vice President-elect; protection of the person of a visiting head of a foreign state or foreign government and, at the direction of the President, other distinguished foreign visitors to the United States and official representatives of the United States performing special missions abroad; the protection of persons who are determined to be major presidential or vice presidential candidates, unless such protection is declined; the protection of the person of a former President and his wife during his lifetime, the protection of the person of the widow of a former President until death or remarriage, and minor children of a former President until they reach 16 years of age, unless such protection is declined. The Service is also responsible for investigation of counterfeiting of currency, specie, and securities; forgery and altering of Government checks and bonds; and criminal and noncriminal cases.

The Executive Protective Service protects the Executive Residence and grounds in the District of Columbia and any building in which White House offices are located. In addition, the Executive Protective Service protects foreign diplomatic missions in the Washington metropolitan area and other such areas as directed.

In the Second Supplemental Appropriations Act, provision was made for the protection of the family of the Vice President of the United States. Recent acts of terrorism and violence emphasize the need for this protection, and the Committee recommends continuation of a similar provision in this bill.

Also included in the appropriation language is a provision that funds to be used for modification of private property for protective functions are to be paid from this appropriation. Regulations regarding this matter have been issued by the Director of the Secret Service.

Recently approved legislation, P.L. 93-346, designated the premises occupied by the Chief of Naval Operations as the official residence of the Vice President. Inadvertently the section that extended the authority of the Executive Protective Service to this site was omitted from the bill but the Committee is informed that corrective legislation will soon be reported by the Armed Services Committee. To cover the interim period the Committee has inserted a provision in the appropriation language to authorize the EPS to provide security at the official residence of the Vice President. Without this provision, the Secret Service would be placed in the uneconomical situation of diverting higher paid agent personnel to secure the residence during the absence of the Vice President.

The Committee has allowed \$650,000 for mandatory items in the budget amendment but has denied with prejudice the request for 140 additional EPS personnel. The legislation that would raise the ceiling on EPS officers from 850 to 1,200 has not yet been enacted. The Committee has also allowed an additional \$1,650,000 over the House allowance for 51 additional average positions than can be sustained by the House amount; for increased travel in connection with protection of foreign dignitaries; and for additional technical security and law enforcement equipment.

TITLE II—UNITED STATES POSTAL SERVICE

PAYMENT TO THE POSTAL SERVICE FUND

Appropriation, fiscal year 1974.....	\$1,698,000,000
Budget Estimate, fiscal year 1975.....	1,552,607,000
House allowance.....	1,550,000,000
Committee recommendation.....	1,550,000,000
Bill compared with:	
Appropriation, fiscal year 1974.....	-148,000,000
Budget estimate, fiscal year 1975.....	-2,607,000
House allowance.....	

The Committee recommends an appropriation of \$1,550,000,000 for Payment to the Postal Service Fund for fiscal year 1975. The amount recommended is \$148,000,000 less than the amount appropriated for 1974; and the same as the House allowance.

The Postal Reorganization Act (Public Law 91-375) provided permanent appropriation of its own revenue to the Postal Service (Section 2401 (a)).

In addition there are three appropriations requiring Congressional action each year:

1. *Public Service (Section 2401(b))*

In the statement of policy the Postal Reorganization Act (Section 101(b)) states "The Postal Service shall provide a maximum degree of

effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities."

The policy language is referenced in Section 2401 (b) and, although the public service appropriation is not limited to the requirement of the policy statement, maintenance of uneconomic operations seems to be a key justification for the payment.

This payment as stipulated in the law is equal to 10% of the actual appropriation in FY 1971. Ten percent of that year's appropriation is \$920 million. The public service appropriation stays at that amount through 1979. In 1980 the amount drops to 9% of the FY 1971 appropriation, then drops to 8% in 1981, and drops one additional percentage point until 1984 when it reaches 5%, which is \$460 million. In 1985 and thereafter the language provides that the Postal Service may reduce the amount of its request, including a reduction to zero if the finding is that funds of this nature are no longer required.

2. *Revenue Foregone (Section 2401 (c))*

This section covers three types of mail that is carried at less than full cost, namely: (a) it reimburses the Postal Service for special concessionary rates established by legislation, such as free mail for the blind; (b) it provides that the Postal Service will be reimbursed for the cost involved in phasing the implementation of established rates over 5 or 10 year periods depending upon the type of mail; and (c) it provides in the case of non-profit classes of mail that the Postal Service shall be reimbursed because of the requirement in the law that non-profit mail will be carried at rates so the revenue does not exceed the direct cost of handling such mail. (All other classes of mail are to be carried at rates that cover the direct cost plus an extra amount as a proper share of "institutional" costs. Non-profit mail is relieved of the requirement to pay a share of institutional costs and this section provides for reimbursement.) The phasing for various classes of mail and reimbursement for unrecovered institutional costs of non-profit mail is set forth in Section 3626.

The law also provides that if Congress does not appropriate funds for free mail, phasing, and concessionary non-profit rates that the Postal Service may charge the mailers for the amount by which the subsidy payment fell short.

3. *Transitional Appropriations (Section 2004)*

Generally the Postal Service has used this authority only for the purpose of seeking reimbursement for those unfunded liabilities of the former Post Office Department that the Act in Section 2002(a) (2) states "shall remain liabilities of the Government of the United States . . ." For example, leave earned by former Post Office Department employees but unused at the date of Reorganization and injuries received while employees were in the Post Office Department are unfunded liabilities of the old organization being paid for by the new. These are relatively small amounts totalling \$60 million or so annually.

The amount of the Postal Service's appropriation request each year is the amount required for the public service activities, the revenue foregone for phasing and non-profit mail, and the unfunded liabilities

of the Post Office Department. In 1975 the request for these three purposes was \$1,552,607,000 as follows:

Public Service.....	\$920, 000, 000
Revenue foregone on free and reduced-rate mail.....	571, 418, 000
Transitional expenses.....	61, 181, 000
Total	1, 552, 607, 000

The House of Representatives allowed a total of \$1,550,000,000 as the 1975 payment to the Postal Service Fund. The House earmarked \$414,418,500 for transfer to the Civil Service Retirement and Disability Fund to cover the unfunded liabilities of that Fund due to the increases in benefits for Postal Service employees. Subsequent to the House action P.L. 93-349 was approved that provides for an additional appropriation of \$284,667,000 to cover the unfunded liability attributable to pay increases granted by the Postal Service prior to July 1, 1973 with the Postal Service required to pay for increases in the unfunded liability attributable to increases in benefits for postal employees and officers thereafter. Accordingly, the Committee has deleted the House provision from the bill while concurring on the appropriation of \$1,550,000,000.

TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT

COMPENSATION OF THE PRESIDENT

Appropriation, fiscal year 1974.....	\$250, 000
Budget Estimate, fiscal year 1975.....	250, 000
House allowance.....	250, 000
Committee recommendation.....	250, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	-----
Budget estimate, fiscal year 1975.....	-----
House allowance.....	-----

The Committee recommends an appropriation of the statutory amount of \$250,000 for the salary and expense allowance of the President.

COUNCIL OF ECONOMIC ADVISERS

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$1, 414, 000
Budget Estimate, fiscal year 1975.....	1, 607, 000
House allowance.....	1, 600, 000
Committee recommendation.....	1, 600, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	+186, 000
Budget estimate, fiscal year 1975.....	--7, 000
House allowance.....	-----

The Committee recommends an appropriation of \$1,600,000 for salaries and expenses of the Council of Economic Advisers for fiscal year 1975. The amount recommended is \$186,000 more than the amount appropriated for 1974 due to pay, rental, and printing increases, and will maintain the currently authorized 46 positions. As requested, \$57,000 has been allowed to continue the activities of the Advisory Committee on the Economic Role of Women.

The Council of Economic Advisers analyzes the national economy and its various segments; advises the President on economic developments; recommends policies for economic growth and stability; an-

praises economic programs and policies of the Federal Government; and assists in preparation of the annual Economic Report of the President to Congress.

COUNCIL ON INTERNATIONAL ECONOMIC POLICY

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$1,376,000
Budget Estimate, fiscal year 1975	1,800,000
House allowance	1,600,000
Committee recommendation	1,600,000
Bill compared with:	
Appropriation, fiscal year 1974	+224,000
Budget estimate, fiscal year 1975	-200,000
House allowance	

The Committee recommends an appropriation of \$1,600,000 for salaries and expenses of the Council on International Economic Policy for fiscal year 1975. The amount recommended is \$224,000 more than the amount appropriated for 1974, and will support 31 positions, an increase of 2 over 1974.

The Council provides advice to the President on international economic issues, assists him in achieving consistency between international and domestic economic policy, and maintains close coordination of international economic policy with basic foreign policy objectives.

DOMESTIC COUNCIL

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$1,100,000
Budget Estimate, fiscal year 1975	1,331,000
House allowance	1,250,000
Committee recommendation	1,250,000
Bill compared with:	
Appropriation, fiscal year 1974	+150,000
Budget estimate, fiscal year 1975	-81,000
House allowance	

The Committee recommends an appropriation of \$1,250,000 for salaries and expenses of the Domestic Council for fiscal year 1975. The amount recommended is \$150,000 more than the amount appropriated for 1974, and will maintain the currently authorized level of 30 positions.

The Domestic Council advises and assists the President in the formulation and coordination of national domestic policy on intergovernmental relations between Federal, State, and local governments. This appropriation provides staff services for the Council's activities.

As requested, and in accordance with previous practice, the Committee has inserted the following language in the bill to allow the President the ability to appoint qualified personnel to the Council staff:

but at rates for individuals not to exceed the per diem equivalent of the rate for grade GS-18; and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service;

EMERGENCY FUND FOR THE PRESIDENT

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$1,000,000
Budget Estimate, fiscal year 1975.....	1,000,000
House allowance.....	
Committee recommendation.....	
Bill compared with:	
Appropriation, fiscal year 1974.....	-1,000,000
Budget estimate, fiscal year 1975.....	-1,000,000
House allowance.....	

The Committee concurs with the recommendation of the House of Representatives in denying the request for the Emergency Fund for the President.

EXECUTIVE RESIDENCE

OPERATING EXPENSES

Appropriation, fiscal year 1974.....	\$1,433,000
Budget Estimate, fiscal year 1975.....	1,695,000
House allowance.....	1,695,000
Committee recommendation.....	1,695,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+262,000
Budget estimate, fiscal year 1975.....	
House allowance.....	

The Committee recommends an appropriation of \$1,695,000 for the expenses of care, maintenance, and operation of the Executive Residence for fiscal year 1975. The amount recommended is \$262,000 more than the amount appropriated for 1974, and in addition to the built-in costs of \$59,400 for pay raises and increased cost of supplies, equipment, and contractual services, provides \$202,600 for the transfer of 11 tradesmen from the General Services Administration and National Park Service rolls to this account.

OFFICIAL RESIDENCE OF THE VICE PRESIDENT

OPERATING EXPENSES

Appropriation, fiscal year 1974.....	
Budget estimate, fiscal year 1975.....	
House allowance.....	(1)
Committee recommendation.....	\$315,000
Bill compared with:	
Appropriation, fiscal year 1974.....	315,000
Budget estimate, fiscal year 1975.....	315,000
House allowance.....	315,000

¹ Not considered by the House due to the fact that Public Law 93-346 was enacted subsequent to House action on this bill.

The Committee recommends an appropriation of \$315,000 for the renovation, furnishing, operation, and maintenance of the official temporary residence of the Vice President.

Public Law 93-346, approved July 12, 1974, designated the government-owned residence previously occupied by Chiefs of Naval Operations (located on the grounds of the Naval Observatory in the District of Columbia) as the official temporary residence of the Vice President of the United States. That Act authorized necessary appropriations, and directed the Department of the Navy, subject to reimbursement,

The amount recommended will provide for the costs of renovation, alterations, and repairs of the residence, and the initial one-time costs for furnishing and equipping the residence with furniture, carpets, drapes, china, crystal, silverware, kitchen equipment, etc., which will become the permanent furnishings and equipment of the official residence for the Vice President, and will be available subject to suitability and condition, for transfer to a permanent residence for the Vice President when such residence is obtained. These items will require the major portion of the funds recommended in the accompanying bill due to the fact that the residence is now essentially bare.

The funds recommended will also provide for the annual operating costs such as utilities, care, maintenance and operations, including civilian staffing of the residence.

The United States Secret Service will be responsible for the security of the residence, including the provision and installation of the necessary protective devices and equipment.

EXPENSES OF MANAGEMENT IMPROVEMENT

Appropriation, fiscal year 1974.....	\$350,000
Budget Estimate, fiscal year 1975.....	500,000
House allowance.....	
Committee recommendation.....	
Bill compared with:	
Appropriation, fiscal year 1974.....	-350,000
Budget estimate, fiscal year 1975.....	-500,000
House allowance.....	

The Committee recommends the denial of the request for the Expenses of Management Improvement and concurs with the judgment of the House of Representatives that this is essentially a function of the Office of Management and Budget. The Committee notes that there is an unobligated balance available of \$244,000 for fiscal 1975 that approximates that 1974 level of program.

FEDERAL ENERGY OFFICE

SALARIES AND EXPENSES

The Committee has inserted the following proviso in the bill as a limitation on the appropriation for salaries and expenses of the Federal Energy Office contained in the already approved Special Energy Research and Development Appropriation Act, 1975 (P.L. 93-322):

No part of any appropriation contained in this or any other Act for the regulatory functions of the Federal Energy Administration under authority of P.L. 93-159, shall be obligated or expended beyond the expiration date of that Act except with explicit approval of the Appropriations Committees.

The Mandatory Fuel Allocation Act (P.L. 93-159), which is the basic statute for fuel price controls and fuel allocation, will expire February 28, 1975. The Administration is actively opposing any extension of the Act, yet a considerable amount of the \$19,000,000 previously appropriated for all of fiscal year 1975 was justified to carry out the regulatory functions of the FEA.

The purpose of this amendment is to require that if FEA loses its regulatory function, it will also lose the appropriations earmarked for

that purpose except as the Appropriations Committees may agree to reprogram.

NATIONAL COMMISSION ON PRODUCTIVITY

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$835,000
Budget Estimate, fiscal year 1975.....	2,500,000
House allowance.....	1,500,000
Committee recommendation.....	1,500,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+615,000
Budget estimate, fiscal year 1975.....	-1,000,000
House allowance.....	

¹ These funds were obligated pursuant to P.L. 93-52 (the Joint Resolution providing for continuing appropriations for fiscal year 1974).

The Committee recommends an appropriation of \$1,500,000 for salaries and expenses of the National Commission on Productivity for fiscal year 1975. The amount recommended is \$615,000 more than the amount appropriated for 1974, and is the same as the House allowance.

The National Commission on Productivity is authorized by Public Law 93-311. Basic research, statistical and demonstration projects will include development of price and productivity measures for individual industries and identify opportunities for productivity improvement in various sectors of the economy. In addition, an active information program is designed to raise the public awareness of the need for productivity improvement.

The Committee was not persuaded by the considerable testimony it has heard in three separate hearings over the last year that any more than the amount recommended is required. The Commission has much potential, and its past efforts in transportation and food should prompt increases in productivity. However, the Committee is dubious of the efforts involving State and local governments and believes that the Commission should leave these efforts to the agencies with expertise in these areas.

NATIONAL SECURITY COUNCIL

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$2,802,000
Budget Estimate, fiscal year 1975.....	2,932,000
House allowance.....	2,900,000
Committee recommendation.....	2,900,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+88,000
Budget estimate, fiscal year 1975.....	-32,000
House allowance.....	

The Committee recommends an appropriation of \$2,900,000 for salaries and expenses of the National Security Council for fiscal year 1975. The amount recommended is \$88,000 more than the appropriation for 1974; and provides for pay and other mandatory increases of the staff of 75 which is a reduction of 4 from the previous year's level. The testimony revealed that a number of administrative personnel have been detailed to the Council for several years and the Committee believes that these employees should be reassigned to the Council's rolls if that is their permanent duty assignment.

OFFICE OF MANAGEMENT AND BUDGET

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$19,400,000
Budget Estimate, fiscal year 1975	23,400,000
House allowance	19,400,000
Committee recommendation	22,500,000
Bill compared with:	
Appropriation, fiscal year 1974	+3,100,000
Budget estimate, fiscal year 1975	-900,000
House allowance	+3,100,000

The Committee recommends an appropriation of \$22,500,000 for salaries and expenses of the Office of Management and Budget for fiscal year 1975. The amount recommended is \$3,100,000 more than the amount appropriated for 1974 and consists of \$2,450,000 for mandatory pay raises and GSA rental payments, and \$650,000 for program increases.

The recommended amount will provide a total of 657 positions, or all of the additional personnel requested except the 14 for Management and Operations.

OFFICE OF TELECOMMUNICATIONS POLICY

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	¹ \$2,126,000
Budget Estimate, fiscal year 1975	9,512,000
House allowance	9,400,000
Committee recommendation	7,500,000
Bill compared with:	
Appropriation, fiscal year 1974	+5,374,000
Budget estimate, fiscal year 1975	-2,012,000
House allowance	-1,900,000

¹In addition \$4,381,000 was included in the Department of Commerce appropriations for support activities that have been merged into the 1975 estimate.

The Committee recommends an appropriation of \$7,500,000 for salaries and expenses of the Office of Telecommunications Policy for fiscal year 1975. The amount recommended is \$5,374,000 more than the amount appropriated in this bill for OTP for 1974 but is only \$993,000 more than the 1974 amount when the funds previously budgeted separately for the Commerce Department support activities are considered.

The Committee's recommendation will support the 60 permanent positions requested and a \$500,000 level of studies and research for OTP itself, and modest expansion of the support rendered by the Department of Commerce.

SPECIAL ACTION OFFICE FOR DRUG ABUSE PREVENTION

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$5,000,000
Budget Estimate, fiscal year 1975	¹ 7,000,000
House allowance	3,000,000
Committee recommendation	3,000,000
Bill compared with:	
Appropriation, fiscal year 1974	-2,000,000
Budget estimate, fiscal year 1975	-4,000,000
House allowance	

¹The Budget proposed merging \$4,000,000 for Pharmacological Research with Salaries and Expenses.

The Committee recommends an appropriation of \$3,000,000 for salaries and expenses of the Special Action Office for Drug Abuse Prevention for fiscal year 1975. The amount recommended is \$2,000,000 under the amount appropriated for 1974 and will provide a staff of 30 positions as the Special Action Office winds down its activities and merges with the new National Institute on Drug Abuse.

PHARMACOLOGICAL RESEARCH

Appropriation, fiscal year 1974.....	\$20,000,000
Budget Estimate, fiscal year 1975.....	(¹)
House allowance.....	4,000,000
Committee recommendation.....	4,000,000
Bill compared with:	
Appropriation, fiscal year 1974.....	-16,000,000
Budget estimate, fiscal year 1975.....	+4,000,000
House allowance.....	

¹ As indicated above under Salaries and Expenses, the Budget proposed \$4,000,000 for Pharmacological Research under that account.

The Committee recommends an appropriation of \$4,000,000 for Pharmacological Research for fiscal year 1975. The amount recommended is \$16,000,000 less than the appropriation for 1974, and consists of \$1,500,000 for final studies of the antagonist naltrexone; \$1,250,000 for testing long-acting narcotic substitutes; and \$1,250,000 for testing synthetic analgesics and antagonists for barbiturates.

SPECIAL ACTION OFFICE FOR DRUG ABUSE PREVENTION

SPECIAL FUND

Appropriation, fiscal year 1974.....	\$26,000,000
Budget Estimate, fiscal year 1975.....	11,000,000
House allowance.....	11,000,000
Committee recommendation.....	11,000,000
Bill compared with:	
Appropriation, fiscal year 1974.....	-15,000,000
Budget estimate, fiscal year 1975.....	
House allowance.....	

The Committee recommends an appropriation of \$11,000,000 for the Special Fund for fiscal year 1975. The amount recommended will provide \$3,000,000 for model programs to reach the 200,000 addicts not under treatment; \$3,700,000 to demonstrate linkages between drug abuse treatment programs and existing community services and job training programs; \$2,800,000 for education/prevention; and \$1,500,000 for evaluation of treatment programs and upgrading of management capability.

SPECIAL ASSISTANCE TO THE PRESIDENT

Appropriation, fiscal year 1974.....	\$692,000
Budget Estimate, fiscal year 1975.....	920,000
House allowance.....	910,000
Committee recommendation.....	910,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+218,000
Budget estimate, fiscal year 1975.....	-10,000
House allowance.....	

The Committee recommends an appropriation of \$910,000 for Special Assistance to the President for fiscal year 1975. The amount recommended is \$918,000 more than the appropriation for 1974 and provides

funds to be used by the Vice President to carry out responsibilities assigned him in the Executive Branch by the President and various statutes. The increase will provide full funding of the 30 permanent positions authorized and increased costs of space, supplies, and equipment.

Inasmuch as both the Senate and House of Representatives have passed bills that would finally authorize this appropriation, S. 3647 and H.R. 14715, the language in the bill has been amended so that it will conform to the legislative authority.

WHITE HOUSE OFFICE

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$11,260,000
Budget Estimate, fiscal year 1975	16,510,000
House allowance	16,367,000
Committee recommendation	16,367,000
Bill compared with:	
Appropriation, fiscal year 1974	+5,107,000
Budget estimate, fiscal year 1975	--143,000
House allowance	

The Committee recommends an appropriation of \$16,367,000 for salaries and expenses of the White House Office for fiscal year 1975. The amount recommended is \$5,107,000 more than the appropriation for 1974, and is the same as the House allowance. The reduction of \$143,000 is solely related to overall policy of 10% reduction in GSA space rental costs.

The major portion of the \$5,107,000 increase over 1974 is for non-discretionary increases for the full-year costs of Government-wide pay raises and the new rental payments to the General Services Administration. The additional 30 positions are provided as requested to meet the demands being made on the office by various investigations and legal proceedings. It should be perfectly clear that any failure of the White House to meet such demands cannot be ascribed to the Appropriations Committees, which have traditionally subscribed fully to the requests of the Chief Executive.

TITLE IV—INDEPENDENT AGENCIES

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$600,000
Budget Estimate, fiscal year 1975	755,000
House allowance	750,000
Committee recommendation	750,000
Bill compared with:	
Appropriation, fiscal year 1974	+150,000
Budget estimate, fiscal year 1975	--5,000
House allowance	

The Committee recommends an appropriation of \$750,000 for salaries and expenses of the Administrative Conference of the United States for fiscal year 1975. The amount recommended is \$150,000 more than the amount appropriated for 1974 and is the same as the House allowance.

The Conference is authorized on a permanent basis to assist the President, the Congress, the administrative agencies, and executive

departments in improving existing administrative procedure. It is responsible for conducting studies of the efficiency, adequacy, and fairness of present procedures by which the Federal administrative agencies and executive departments determine the rights, privileges, and obligations of private persons.

The Committee was pleased to learn that the Administration Conference will soon start a review and study of IRS practices and procedures as suggested by the Subcommittee on Treasury, Postal Service, and General Government Appropriations. The Committee looks forward to the report of the Administrative Conference.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$1, 106, 000
Budget Estimate, fiscal year 1975.....	1, 101, 000
House allowance.....	1, 050, 000
Committee recommendation.....	1, 075, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	-31, 000
Budget estimate, fiscal year 1975.....	-26, 000
House allowance.....	+25, 000

The Committee recommends an appropriation of \$1,075,000 for salaries and expenses of the Advisory Commission on Intergovernmental Relations for fiscal year 1975. The amount recommended is \$31,000 less than the amount appropriated for 1974 and \$25,000 over the House allowance.

The purpose of the Commission is to monitor the operation of our Federal system and act as an objective researcher into the problems relating to the relationship between Federal, State and local governments.

The Committee has added \$25,000 to the amount of the House allowance so that on-going projects will not be curtailed.

ADVISORY COMMITTEE ON FEDERAL PAY

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$130, 000
Budget Estimate, fiscal year 1975.....	130, 000
House allowance.....	130, 000
Committee recommendation.....	130, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	-----
Budget estimate, fiscal year 1975.....	-----
House allowance.....	-----

The Committee recommends an appropriation of \$130,000 for salaries and expenses of the Advisory Committee on Federal Pay for fiscal year 1975. The amount recommended is the same as the amount appropriated for 1974 and the House allowance.

This committee reviews the annual report of the President's pay agent and considers recommendations of representatives of Federal employees and officials of the Federal Government.

CIVIL SERVICE COMMISSION

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$71,234,000
Budget Estimate, fiscal year 1975	91,526,000
House allowance	89,647,000
Committee recommendation	90,000,000
Bill compared with:	
Appropriation, fiscal year 1974	+18,766,000
Budget estimate, fiscal year 1975	-1,526,000
House allowance	+353,000

The Committee recommends an appropriation of \$90,000,000 for salaries and expenses of the Civil Service Commission for fiscal year 1975. The amount recommended is \$18,766,000 more than the amount appropriated for 1974; and \$353,000 over the House allowance.

The primary purpose of the Civil Service Commission is to assure and assist in providing a merit work force in the Federal service. This consists of keeping personnel policies current; staffing for Federal employment; assuring fitness and suitability in Federal employment; and improving personnel and management. In 1975 the Commission will centralize and simplify the Federal employee appeals process; intensify efforts to strengthen the capability of Government agencies to provide more in-house training; expand coverage of the executive development programs; and implement an automated system for processing job applications and examinations. The Commission also administers retirement, group life insurance, and health benefits programs for Federal employees and performs other functions related to personnel management.

PRESIDENT'S COMMISSION ON PERSONNEL INTERCHANGE

The Committee has added \$353,000 to the House allowance to provide the full amount requested for the President's Commission on Personnel Interchange. This program under the aegis of the Civil Service Commission is composed of both business and Government top executives and provides the opportunity for the interchange of managerial skills between the Federal Government and private sector of the Nation. The President's Commission on Personnel Interchange was established by Executive Order 11451 which also provided that the Civil Service Commission would be responsible for the administrative services necessary to support this program. The \$353,000 added to the bill will support 12 permanent positions, that assists the Commission in recruitment, placement, orientation and provides educational opportunities to the participants. (The participants in the program are paid by the agencies or firms where they are employed.)

The Committee is aware of allegations of conflict of interest regarding participants from oil companies in this program who are working at the Federal Energy Office. The General Accounting Office has investigated these situations and has established that under the Interchange Program private sector employees who are assigned to the government are subject to the same conflict of interest laws and regu-

lations that are applicable to full-time Federal employees. While the GAO is now making a broad review of the program their interim findings have been forwarded to the Justice Department for a determination of whether actual conflicts of interest have occurred, and the Committee is advised that a conflict of interest would be a violation of Part 735 of the Commission's regulations and dismissal could be considered a form of penalty. Furthermore, there are criminal penalties attached to conflicts of interest that are set forth in sections 201-224 of title 18 of the U.S. Code.

The Committee is advised that there is sufficient authority in law for the Civil Service Commission to operate the program. The Committee has also been assured that all possible steps will be taken to avoid conflict of interest situations in the operation of this program and has concluded that this program should continue to operate inasmuch as this year's participants have already been selected. The Committee expects that the full review of the General Accounting Office will be completed before any further participants are selected or commitments are made.

GOVERNMENT PAYMENT FOR ANNUITANTS, EMPLOYEES HEALTH BENEFITS

Appropriation, fiscal year 1974.....	\$163,114,000
Budget Estimate, fiscal year 1975.....	¹ 264,817,000
House allowance.....	264,817,000
Committee recommendation.....	264,817,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+101,703,000
Budget estimate, fiscal year 1975.....	
House allowance.....	

¹ Includes budget amendment of \$83,237,000 transmitted in House Doc. 93-285.

The Committee recommends an appropriation of \$264,817,000 for Government Payment for Annuity, Employees Health Benefits for fiscal year 1975. The amount recommended is \$101,703,000 more than 1974 and is the same as the budget request and the House allowance.

This appropriation provides funds for the Government's share of the cost of health insurance for certain annuitants as defined in section 8901 and 8906 of title 5, United States Code; the Government's share of the cost of health insurance for other annuitants (who were retired when the Federal Employees Health Benefits law became effective), as defined in the Retired Federal Employees Health Benefits Act of 1960; and the Government's contribution for payment of administrative expenses incurred by the Civil Service Commission in administration of the Act.

The budget amendment of \$83,237,000 comes from Public Law 93-246, signed January 31, 1974, that among other things increased the Government contribution for health benefits for annuitants enrolled in the Federal Employees Health Benefits program to 50 percent effective January 1974 and 60 percent effective January 1975. This provision is estimated to require additional funds of \$74,409,100. Section 2 of this law provides that those eligible to participate in the Retired Federal Employees Health Benefits program may elect to join the Federal Employees Health Benefits program. It is estimated that approximately 35,000 annuitants will take advantage of this provision at a net increase of \$8,827,900.

PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABILITY FUND

Appropriation, fiscal year 1974	\$881,905,000
Budget Estimate, fiscal year 1975	882,287,000
House allowance	882,287,000
Committee recommendation	882,287,000
Bill compare with:	
Appropriation, fiscal year 1974	+382,000
Budget estimate, fiscal year 1975	
House allowance	

The Committee recommends an appropriation of \$882,287,000 for Payment to Civil Service Retirement and Disability Fund for fiscal year 1975. The amount recommended is \$382,000 more than the amount appropriated for 1974; and is the same as the budget estimate and House allowance.

The Civil Service Retirement Amendments of 1969 provide for financing of current year's costs of the unfunded liability created since their enactment. Any statute which authorizes (1) new or liberalized benefits, (2) extension of retirement coverage, or (3) increases in pay is deemed to authorize appropriations to the fund to finance the unfunded liability created by such statute. Also, the Secretary of the Treasury is required to make annual payments from general revenues into the retirement fund on the basis of a sliding scale of percentages of an amount equivalent to: (1) interest on the unfunded liability, and (2) annuity disbursements attributable to military service. The Civil Service Commission, at the end of each year, beginning in 1971, notifies the Secretary of the Treasury of the amount of payment to be made to the retirement fund and reports such sums to the President and the Congress.

At the present time the unfunded liability of the Civil Service Retirement Fund is \$68.7 billion. The annual appropriation to cover only the interest on this existing unfunded liability is already \$2 billion. Assuming only a 3% cost of living increase each year, the annual payment to cover interest alone will exceed \$5 billion by 1980. Liberalizations of retirement benefits since 1969 due to legislation and Federal salary increases already are costing \$1.2 billion annually. If no further legislation is enacted liberalizing benefits, and 5% annual pay increases are assumed, this annual appropriation would rise to approximately \$2.5 billion by 1980.

These two items when added to the regular government contribution to the Retirement System will bring the annual cost to the taxpayer of financing the System to nearly \$11 billion by 1980. If the integrity of the Retirement System is to remain sound and viable, very careful consideration must be given to the cost of liberalizations no matter how meritorious or desirable they may appear to be at the time.

FEDERAL LABOR RELATIONS COUNCIL

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$777,000
Budget Estimate, fiscal year 1975	980,000
House allowance	975,000
Committee recommendation	975,000
Bill compared with:	
Appropriation, fiscal year 1974	+198,000
Budget estimate, fiscal year 1975	-5,000
House allowance	

The Committee recommends an appropriation of \$975,000 for salaries and expenses of the Federal Labor Relations Council for fiscal year 1975. The amount recommended is \$198,000 more than the amount appropriated for 1974; and \$5,000 under the budget estimate.

The Federal Labor Relations Council is the central authority that administers and interprets Executive Order 11491 (Labor Management Relations in the Federal Government), decides major policy issues, prescribes regulations, and from time to time reports and makes recommendations to the President on labor relations.

Additional resources are required in 1975 to handle the expanded workload which has resulted from the growing interest in labor relations and contract negotiations in the Federal Government and the additional 10 positions requested have been allowed to provide a total of 40.

INTERGOVERNMENTAL PERSONNEL ASSISTANCE

Appropriation, fiscal year 1974.....	\$10,000,000
Budget Estimate, fiscal year 1975.....	15,000,000
House allowance.....	15,000,000
Committee recommendation.....	15,000,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+5,000,000
Budget estimate, fiscal year 1975.....	
House allowance.....	

The Committee recommends an appropriation of \$15,000 for Intergovernmental Personnel Assistance for fiscal year 1975. The amount recommended is \$5,000,000 more than the appropriation for 1974, and is the same as the budget estimate and the House allowance.

The Intergovernmental Personnel Act of 1970 (IPA) was designed to provide Federal assistance to upgrade State and local personnel systems, and to help solve the growing managerial problems of State and local governments. The program is designed to be sufficiently flexible to allow each area to design personnel management programs in accordance with broad merit principles to fit their own particular needs and to promote intergovernmental cooperation and overall government efficiency.

All indications are that IPA has been a very effective program, resulting in many benefits at considerably low Federal investment. Evaluations, including those undertaken by the Office of Management and Budget, the General Accounting Office, and the Senate Subcommittee on Intergovernmental Relations, give the IPA program favorable reports. Much credit is due the Civil Service Commission for its efficient administration of the program.

Since the enactment of IPA, there has been a growing need for competent administrators in State and local governments. This is a result of several factors. For example, revenue sharing has increased the complexity of governmental finance. New requirements of the Equal Employment Opportunity Commission (EEOC), expansion of the Fair Labor Standards Act and of unemployment compensation have complicated the task of administration. Recent court decisions involving

collective bargaining and discrimination practices have also contributed to administrative difficulties.

The Committee expects that no funds appropriated under the Intergovernmental Personnel Act shall be used to the disadvantage of public employee organizations, discourage the Federal government or the states from adopting public employee relations legislation or limit the political freedoms of public employees already guaranteed by state law.

The Committee also understands that nothing in the IPA prevents the U.S. Civil Service Commission from encouraging applications for joint labor-management labor relations training programs under the Act. These programs could include any public employee organization representatives who are also public employees along with state and local government management personnel. The Committee recognizes that both management and labor in the public sector are responsible for the efficient, equitable and peaceful enforcement of collective bargaining and other labor relations agreements.

COMMISSION ON THE REVIEW OF THE NATIONAL POLICY TOWARD GAMBLING

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$250,000
Budget Estimate, fiscal year 1975.....	1,281,000
House allowance.....	250,000
Committee recommendation.....	1,000,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+750,000
Budget estimate, fiscal year 1975.....	-281,000
House allowance.....	+750,000

The Committee recommends an appropriation of \$1,000,000 for salaries and expenses of the Commission on the Review of the National Policy Toward Gambling for fiscal year 1975. The amount recommended is \$750,000 more than the House allowance and the amount appropriated for 1974; and is \$281,000 under the budget estimate.

The Commission on the Review of the National Policy Toward Gambling was established by the Organized Crime Control Act of 1970 to begin effective October of 1972 and to file its Final Report by October 15, 1976. The Commission received its first enabling appropriations of \$250,000 in November of 1973, which has been expended in organizational and preliminary matters in preparation for the greater bulk of its efforts, which will begin in fiscal year 1975. By law the Commission will expire 60 days after filing its final report.

The Commission will review the effectiveness of law enforcement practices in the control and taxation of gambling activities, and prepare a study of existing statutes relating to gambling activities in the United States; additionally, the Commission will consider alternatives and make recommendations on potential changes in statutes and practices regarding gambling. It is believed that antigambling laws are not strictly enforced and that they are the source of much police and

judicial corruption. Furthermore, illegal gambling is said to be the largest source of revenue to organized crime. The Commission must answer whether current enforcement practices in fact restrict illegal gambling, and therefore provide an effective tool in the fight against organized crime. The impact of the legalization of certain activities such as lotteries must be gauged in its effect upon law enforcement and judicial administration. The Commission must determine if there is a method of legalization or law enforcement that can deprive organized crime of its current gambling revenues.

The Committee's recommendation includes \$333,000 to cover salaries and benefits for 20 full-time employees, and \$20,000 for other personnel compensation. Allocated for contracts and other services is \$440,000 which would include \$40,000 for GSA support, postal fees, data processing, etc. Other operational expenses, such as space rental, printing, communications, supplies and equipment and publishing the interim report in January 1975 are estimated at \$207,000, including \$100,000 for travel and transportation for the Commissioners and staff.

COMMITTEE FOR PURCHASE OF PRODUCTS AND SERVICES OF THE BLIND
AND OTHER SEVERELY HANDICAPPED

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$240, 000
Budget Estimate, fiscal year 1975.....	252, 000
House allowance.....	
Committee recommendation.....	252, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	+12, 000
Budget estimate, fiscal year 1975.....	
House allowance.....	+252, 000

The Committee recommends the full appropriation of \$252,000 requested for salaries and expenses of the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped for fiscal year 1975. The amount recommended is \$12,000 more than the amount appropriated for 1974; and is \$252,000 over the House allowance. It should be noted that the House did not appropriate for this item because the Committee's new authorizing legislation (P.L. 93-358) was not enacted at the time of their consideration of this bill.

The overriding objective of the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped is to increase the employment opportunities for the blind and other severely handicapped individuals and, whenever possible, to prepare them to engage in normal competitive employment. As suggested by its title, the Committee's prime means for achieving its objective is to direct the procurement of selected products and services by the Federal Government to qualified workshops for the blind and other severely handicapped.

This appropriation will maintain the staff of 8 permanent positions and provide for the mandatory additional costs of compensation and payment to the General Services Administration for rental of space.

GENERAL SERVICES ADMINISTRATION

SUMMARY

Appropriation, fiscal year 1974.....	¹ \$824,358,000
Budget estimate, fiscal year 1975.....	290,081,000
House allowance.....	304,516,000
Committee recommendation.....	303,096,000
Bill compared with:	
Appropriation, fiscal year 1974.....	-521,262,000
Budget estimate, fiscal year 1975.....	+13,015,000
House allowance.....	-1,420,000

¹ Includes \$123,873,000 contained in the Supplemental Appropriations Act, 1974 (P.L. 93-245), and \$21,135,000 contained in the Second Supplemental Appropriations Act, 1974 (P.L. 93-305).

FEDNET

(New Equipment Project)

A major focus of the Committee's hearings was the proposal of the GSA and Department of Agriculture to procure a large amount of data processing and communications equipment to establish a Federal Data Communications Network to be used jointly at nine sites. The long-range goals of the FEDNET were reportedly to be to create a network which will "make virtually every modern computer in the Government accessible anywhere in the Nation." The ramifications to individual privacy of such a network that could conceivably link together the massive information regarding individuals maintained by the Internal Revenue Service, the Social Security Administration, the Federal Bureau of Investigation, and hundreds of other Federal offices have raised serious concern of the inception of a National Data Bank. While GSA protested that the initial procurement was for only the requirements of themselves and Agriculture, the Committee developed considerable evidence of plans to bring the U.S. Customs Service and Veterans Administration into the network.

The Committee is reinforced in its concern of this proposal by the independent inquiries of the Senate Judiciary Committee, the House Committee on Government Operations, and the Commission on Privacy headed by the Vice President. The Committee is also aware of the adverse comments of the Office of Management and Budget and the Office of Telecommunications Policy regarding the economics of the proposal.

In response to a request at the Committee's hearing, a commitment in the form of a letter from the Administrator of the General Services Administration has been received that action would be suspended on the Request for Procurement (RFP-CDPA 74-14) for four months to allow Congress to establish a definitive policy on this matter. Subsequently, the House of Representatives approved Section 3 to the General Provisions of the GSA section of this bill that prohibits GSA from using any of the funds in this bill for the purchase of any equipment associated with this Data Communication Network or similar new or revised proposals for such equipment during fiscal year 1975. However, the Committee is concerned that GSA will use their author-

ity and the funds available through the Automatic Data Processing Fund might be used to pursue the FEDNET proposal and has strengthened Section 3 to bar that possibility. As modified by the Committee, Section 3 now reads:

"Sec. 3. None of the funds available under this Act or under Section 111 of the Federal Property and Administrative Services Act of 1949 shall be obligated or expended for the procurement by purchase, lease or any other arrangement, in whole or in part, of any or all the automatic data processing system, data communications network, or related software and services for the joint General Services Administration-Department of Agriculture MCS project 97-72 contained in the Request for Proposal CDPA 74-14, any successor to such project, or any other common user shared facilities authorized under Section 111 of the Federal Property and Administrative Services Act of 1949."

Section 3, as amended by the committee, is not intended to preclude joint procurement or long-term procurement of data processing equipment when that equipment is intended to serve individual agency users only and can be justified on that basis. Nor is it intended to preclude continuation of existing common user shared facilities including maintenance and servicing of such facilities.

EXCESS PROPERTY

On June 6, 1974, the General Services Administration published regulations in the Federal Register that would significantly modify the administration of the excess property program. Prior to the publication of these regulations, the Committee received a considerable amount of letters regarding the effect that these regulations would have on the ability of the recipients of Federal grants to receive excess property. In sum, excess property is that property under control of a Federal agency that is no longer needed by that agency and is available to transfer to any Federal agency. The Federal Property Management Regulations permit a Federal agency issuing grants to obtain available excess property and place it at the disposal of a grantee if the agency finds that the use of the property by the grant activity will reduce cost or will "expand the ability of a contractor or grantee to fulfill his mission." The property remains under the control of the Federal agency placing it for use by the grantee and the title remains vested in the Federal Government.

Between fiscal year 1970 to fiscal year 1972 grantee utilization of excess personal property rose from \$54.5 million to between \$250 and \$300 million. If there is no other Federal agency that can use the excess property, it then becomes surplus property and is available for donation for use in any State for educational, public health, or civil defense purposes. Any major change to the excess property program would require legislation.

The committee went into this matter extensively during its hearings and in subsequent meetings with GSA officials. The committee was assured that the purpose of the new regulations is to improve the administration of this program and to prevent abuses in the program. There were two major areas of concern: (1) the possibility of preventing excess property screeners from one region of the country from screening excess property in another region; and (2) the establishment

of a ceiling that the amount of excess property transferred could not be more than the amount of the grant. The Committee was assured that the screening certification process was merely to insure that only authorized personnel were doing the screening, and that the restriction on the amount of excess property to the amount of the grant could be modified by an official in an agency higher than the project manager. The committee intends to maintain continuous surveillance on GSA's operations under these regulations and will see to it that these regulations are not used to choke off this program. It is also the view of the committee that when and if any legislation is submitted to curtail the excess property program, the priority of the grantees should be maintained in any new procedure.

DISPOSAL OF SURPLUS REAL AND RELATED PERSONAL PROPERTY

OPERATING EXPENSES

Appropriation, fiscal year 1974.....	
Budget Estimate, fiscal year 1975.....	\$7, 727, 000
House allowance.....	7, 200, 000
Committee recommendation.....	7, 200, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	+7, 200, 000
Budget estimate, fiscal year 1975.....	-527, 000
House allowance.....	

The Committee recommends an appropriation of \$7,200,000 for operating expenses of the Disposal of Surplus Real and Related Personal Property Operating Expenses for fiscal year 1975. The amount recommended is \$527,000 under the budget estimate and is the same as the House allowance.

This appropriation provides for the programs and activities relating to the promotion of maximum utilization by Federal agencies, and the transfer among Federal agencies of excess real property. It provides for the disposal of surplus real property by sale, exchange, lease, permit, or transfer to authorized organizations as well as the care and handling of surplus property pending its disposition. It provides for the appraisal of excess and surplus property, for the appraisal of leased public buildings sites, and other related building programs for Government-owned and leased buildings, as well as for the establishment of specifications, standards and methods governing such appraisals. This appropriation also provides for real property surveys conducted to determine which properties could be put to better Federal use or disposed of as surplus to the Government.

FEDERAL BUILDINGS FUND

LIMITATION ON AVAILABILITY OF REVENUE

Appropriation, fiscal year 1974.....	
Budget Estimate, fiscal year 1975.....	(\$980, 000, 000)
House allowance.....	(871, 875, 000)
Committee recommendation.....	(1, 044, 925, 000)
Bill compared with:	
Appropriation, fiscal year 1974.....	(1, 044, 925, 000)
Budget estimate, fiscal year 1975.....	(+ 64, 925, 000)
House allowance.....	(+173, 050, 000)

The Committee recommends a limitation on the obligation of revenue in this fund of \$1,044,925,000 for fiscal year 1975, a net increase of \$64,925,000 above the budget request. This increase was determined as follows: 10 percent reduction government-wide in rental charges (based on the amount specified in the budget of \$1,156,000,000) \$115,600,000; a decrease of \$17,525,000 due to the action of the House of Representatives in providing a direct appropriation for the Administrative Operations Fund; an increase of \$76,600,000 for Real Property Operations that is offset by eliminating \$25,000,000 provided by the House for 1976 obligations; and provision for the carryover from 1974 of unobligated balances of \$121,450,000, which exceeds the carryover estimated in the budget by \$93,124,000 and is the primary reason for the net increase in the limitation.

The Public Buildings Amendments for 1972 (Public Law 92-313) authorized the Administrator of the General Services Administration to charge federal agencies for services and space occupied in government controlled buildings, including both leased and government owned. Funds available in certain other accounts were also merged into this fund beginning with the fiscal year 1975. The revenues accruing to this fund were, in turn, made available by the authorizing act, in amounts to be specified in annual appropriations acts, to be used for real property management and related activities. In addition, these funds were made available for purchase of sites, acquisition of federal buildings by purchase contracts (private financing) or by direct federal construction, payment of purchase contract annual payments over the life of such contracts, major modifications and repairs to federally controlled buildings, rental of space for government operations, and certain other real property activities.

For the implementation of this legislation, the budget for fiscal year 1975 proposed a single figure obligation ceiling of \$980,000,000 from the revenues in this Fund.

The Administrator established standard level user charges (rental charges) for government agencies which would generate \$1,156,000,000 during fiscal year 1975. In addition, approximately \$28,326,000 was estimated in the Budget to be available for carryover into fiscal year 1975 from prior year accounts. GSA has advised the Committee that this carryover estimate is now \$121,450,000 due to delays in design completion, extension of construction schedules due to adverse weather conditions, transportation disruptions, and labor stoppages in both the construction industry and manufactures of supplies and materials for the construction industry. In addition, agencies budgeted in their individual budgets an aggregate additional amount (for services over and above the standard level user charge) of \$167,273,000 for fiscal year 1975.

The budget estimated that at the end of 1975 there would be an unobligated balance of \$204,236,000 in the Fund, of which \$80,000,000 would be retained and \$124,326,000 was proposed as a permissive reversion to the Treasury.

After consideration of the budget and proposals of the General Services Administration and the action of the House of Representatives, the Committee reached the following conclusions:

1. The standard level user charges established by GSA are in excess of comparable commercial rates for space and services.

2. A reduction of 10% in these rental charges was assessed and each appropriation act will reduce the amount allowed for such charges by that amount.

3. The Committee concurs with the action of the House in establishing limitations on the availability of revenues in the fund by the major functions established by GSA in its budget justifications to the Committee. These limitations are specified in the accompanying bill.

4. The Committee has deleted the amount of \$25,000,000 made available in the House bill for obligation in 1976 as an operational margin to insure continuity of essential government maintenance and operations services between fiscal years. GSA has developed a direct charge procedure to agency accounts that enables such continuity.

5. The Committee concurs with the House that this fund be accounted for and administered as a Special Fund under limitations specified by Congress in annual appropriations acts.

6. The House allowed an aggregate obligation ceiling of \$871,875,000 for the Fund. GSA has protested that this ceiling was too low, particularly in the Real Property Operations area that provides custodial, protective, and other services to Federal Buildings. In addition, the limitation of the House did not provide for the increased unobligated balances. Failure to provide for these balance would halt the completion of 90 on-going construction projects. The Committee has adjusted the aggregate obligation limitation as indicated in the following:

1. Limitation proposed by the House.....	\$871, 875, 000
2. Partial restoration of the House reduction to the amount for real property operations as follows:	
Work performed on a reimbursable basis in 1974 that is part of the standard level of service in 1975.....	+44, 600, 000
Cost increases—present program.....	+21, 000, 000
Program increase to raise level of service to commercial standard of service.....	+11, 000, 000
	<hr/>
	76, 600, 000
3. Deletion of margin allowed by House for obligations to be carried over into fiscal year 1976.....	—25, 000, 000
4. Provision for the unobligated balances of accounts merged with the Fund.....	+121, 450, 000
	<hr/>
Revised aggregate obligational ceiling.....	1, 044, 925, 000

The actions and recommendations of the Committee will provide the Congress with a greater degree of visibility and control of the activities authorized to be performed with the revenues accruing to this Fund while seeing to it that all the construction that Congress has authorized and funded is completed. The Committee has also deleted the provision of the House that any excess funds generated into the fund above the obligation ceiling will revert to the Treasury at the end of each fiscal year. This Fund is now tied to the annual appropriations process, and by leaving the balances in the Fund they will be available for any appropriate action of the Congress.

The Budget indicates that \$167,273,000 will be received into this Fund during fiscal year 1975 from Government agencies for services in addition to those performed under the standard level user charges (rental charges). The limitations established in the accompanying bill and referred to above do not include these reimbursable activities. The

General Services Administration is directed to maintain a separate accounting of these reimbursable activities and report to the Committees on Appropriations of the House and Senate quarterly on the amount, source by agency, and purpose of such reimbursements together with the expenditures for such purposes.

The following table summarizes the budget, House allowance, GSA appeal, and Committee recommendation for the Federal Buildings Fund.

SUMMARY OF FEDERAL BUILDINGS FUND

(In thousands of dollars)

	Budget estimate	House allowance	GSA appeal	Committee recommen- dation
Revenues:				
Carryover from 1974.....	28,326	121,450	121,450	121,450
Standard level user charges.....	1,156,000	1,040,400	1,040,400	1,040,400
Reimbursements.....	175,000	175,000	175,000	175,000
Total revenues.....	1,359,326	1,336,850	1,336,850	1,336,850
Expenditures:				
Subject to limitation on obligations:				
Construction.....	(25,000)	25,000	(25,000)	25,000
Purchase contract payments.....	(26,244)	26,244	(26,244)	26,244
Rental of leased buildings.....	(364,000)	350,000	(364,000)	350,000
Alterations and major repairs.....	(98,000)	98,000	(98,000)	98,000
Real property operations.....	(395,194)	293,594	(395,194)	370,194
Program direction.....	(71,562)	54,037	(54,037)	54,037
Available for 1976 obligation.....		25,000		
Carryover from 1974.....			121,450	121,450
Subtotal.....	980,000	871,875	1,083,925	1,044,925
Reimbursements.....	175,000	175,000	175,000	175,000
Total expenditures.....	1,155,000	1,046,875	1,258,925	1,219,925
Balances.....	204,326	289,975	77,925	116,929
Carryover to 1976.....	(80,000)		(77,925)	(116,929)
Transfer to general fund.....	(124,326)	(289,975)		

CONTRACTS FOR CUSTODIAL SERVICES

The Committee is concerned about the distribution of cleaning of Federal office buildings between GSA and contract personnel. GSA has informed the Committee that contract cleaning amounted to approximately \$16,800,000 of the \$98,200,000 (17.1%) that GSA spent for cleaning in 1974 and is budgeted to increase to \$25,400,000 of the \$146,100,000 included for cleaning in 1975. Where contract cleaning is more cost-effective than GSA forces it ought to be employed, but contract cleaning should not be used as a device to artificially understate Federal employment. The Committee requests that the General Accounting Office and GSA prepare and supply by December 31, 1974 a summary of the cost-effectiveness and actual experience of GSA with contracting out custodial services, by region of the nation.

JOBS FOR VETERANS

The committee urges the General Services Administration to maintain utmost diligence in providing job opportunities for veterans. The committee is particularly concerned that when GSA functions are contracted out that adequate safeguards are maintained for veterans, particularly in those areas long afforded veterans preference.

LIMITATION ON PURCHASE CONTRACTS

The House of Representatives inserted Section 507 in the General Provisions pertaining to this Act, the effect of which is to limit to \$250,000,000 the aggregate amount of purchase contracts to be executed by GSA during fiscal 1975. This was in accordance with the program level indicated in the budget justifications. GSA appealed this action and advised the Committee that a considerable additional amount of construction financed by purchase contracts can be accomplished this year. However, the Committee is less than enthusiastic about the purchase contract procedure for financing public buildings and notes that this authority will expire June 30, 1975. The Committee was advised, however, that the new national headquarters building for the Social Security Administration at Woodlawn, Md., is ready for purchase contract financing in an amount that cannot be accomplished within the House ceiling and has raised the ceiling to \$350,000,000.

FEDERAL SUPPLY SERVICE

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$101,950,000
Budget Estimate, fiscal year 1975.....	188,158,000
House allowance.....	165,500,000
Committee recommendation.....	165,500,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+63,550,000
Budget estimate, fiscal year 1975.....	-22,658,000
House allowance.....	

The Committee recommends an appropriation of \$165,500,000 for salaries and expenses of the Federal Supply Service for fiscal year 1975. The amount recommended is \$63,550,000 more than the appropriation for 1974; and is \$22,658,000 under the budget estimate.

The Committee concurs with the action of the House that the business service center concept is closely related to the Federal Supply Service and should be funded and administered by that Service instead of the budget proposal to transfer this activity to the new appropriation General Management and Agency Operations.

This appropriation provides for Government-wide management of supplies and personal property and transportation and public utilities services, operating the worldwide supply system and maintaining and disposing of strategic and critical materials.

NATIONAL ARCHIVES AND RECORDS SERVICE

OPERATING EXPENSES

Appropriation, fiscal year 1974.....	\$41,080,000
Budget Estimate, fiscal year 1975.....	¹ 56,064,000
House allowance.....	50,500,000
Committee recommendation.....	50,000,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+8,920,000
Budget estimate, fiscal year 1975.....	-6,064,000
House allowance.....	-500,000

¹ Includes \$1,305,000 requested for Records Declassification that has been funded separately.

The Committee recommends an appropriation of \$50,000,000 for operating expenses of the National Archives and Records Service for fiscal year 1975. The amount recommended is \$8,920,000 more than the appropriation for 1974; and \$500,000 under the House allowance.

This appropriation provides for basic operations dealing with management of the Government's archives and records, operation of Presidential libraries, and grants for historical publications, and for review of classified records pursuant to Executive Order 11652.

The Committee has allowed \$1,500,000 of the \$2,000,000 requested for grants for historical publications. The budget proposal would have tripled the amount available for this program, from \$666,000 in 1974 to \$2,000,000 in 1975, and the Committee believes a more moderate acceleration is in order. Otherwise the Committee concurs in the allowance of the House of Representatives.

The Committee has also inserted language, at the request of the General Services Administration, to permit the use of voluntary and uncompensated services by NARS, in connection with various programs, including the Presidential libraries. These activities include a volunteer work-study program for college bound high school seniors, and the use of docents in the Presidential libraries. Identical language was inserted by the House in the Records Declassification appropriation.

RECORDS DECLASSIFICATION

Appropriation, fiscal year 1974.....	\$1,085,000
Budget Estimate, fiscal year 1975.....	¹ (1,305,000)
House allowance.....	1,305,000
Committee recommendation.....	1,305,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+220,000
Budget estimate, fiscal year 1975.....	+1,305,000
House allowance.....	

¹ The \$1,305,000 was requested under the appropriation Operating Expenses.

The Committee recommends an appropriation of \$1,305,000 for Records Declassification for fiscal year 1975. The amount recommended is \$220,000 more than the appropriation for 1974 and is the same as the House allowance. The Committee concurs with the action of the House of Representatives in maintaining this activity as a separate appropriation.

Under this program begun in 1973, GSA is required by Executive Order 11652 to review for declassification all classified material as it becomes 30 years old. The workload is substantial—210 million pages require review by the end of 1976. Production for 1973 was 30 million pages and is estimated to be 46 million pages for 1974. A substantial increase in the rate of review—to 67 million pages—is required during the next two fiscal years to comply with the Executive Order.

The Committee allows 127 permanent positions, the number requested in the budget for fiscal year 1975.

AUTOMATED DATA AND TELECOMMUNICATIONS SERVICE

SALARIES AND EXPENSES

Appropriation, fiscal year 1974-----	\$7,100,000
Budget Estimate, fiscal year 1975-----	8,278,000
House allowance-----	7,000,000
Committee recommendation-----	7,000,000
Bill compared with:	
Appropriation, fiscal year 1974-----	-100,000
Budget estimate, fiscal year 1975-----	-1,278,000
House allowance-----	

The Committee recommends an appropriation of \$7,000,000 for salaries and expenses of the Automated Data and Telecommunications Service for fiscal year 1975. The amount recommended is \$100,000 under the amount appropriated for 1974; and is the same as the House allowance.

This appropriation provides for the direction and coordination of a comprehensive Government-wide program for the management, procurement, and utilization of automatic data processing and communications equipment and services, and the overall management of operations designed to provide specialized services to civilian agencies in each of these fields.

The Committee concurs in the allowance of the House of Representatives that will provide a total of 269 permanent positions.

PREPAREDNESS ACTIVITIES—OFFICE OF PREPAREDNESS

SALARIES AND EXPENSES

Appropriation, fiscal year 1974-----	\$5,096,000
Budget Estimate, fiscal year 1975-----	7,999,000
House allowance-----	7,650,000
Committee recommendation-----	7,650,000
Bill compared with:	
Appropriation, fiscal year 1974-----	+2,554,000
Budget estimate, fiscal year 1975-----	-349,000
House allowance-----	

The Committee recommends an appropriation of \$7,650,000 for salaries and expenses of the Office of Preparedness for fiscal year 1975. The amount recommended is \$2,554,000 more than the appropriation for 1974 but the increase is all attributable to the transfer into this appropriation of the stockpile disposal activity and the costs previously funded through the Defense Production Act Revolving Fund.

The Office of Preparedness advises and assists in the formulation, development and coordination of national civil preparedness policies, and assists in fostering State and local participation in preparedness programs.

DEFENSE MOBILIZATION FUNCTIONS OF FEDERAL AGENCIES

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$3,260,000
Budget Estimate, fiscal year 1975.....	3,841,000
House allowance.....	3,000,000
Committee recommendation.....	1,500,000
Bill compared with:	
Appropriation, fiscal year 1974.....	-1,760,000
Budget estimate, fiscal year 1975.....	2,341,000
House allowance.....	-1,500,000

The Committee recommends an appropriation of \$1,500,000 for salaries and expenses of the Defense Mobilization Functions of Federal Agencies for fiscal year 1975. The amount recommended is \$1,760,000 under the amount appropriated for 1974; and \$1,500,000 under the House allowance of \$3,000,000.

This account provides for the emergency preparedness functions of 8 of the 32 Federal agencies having emergency assignments; the amounts for 1974 and requested for 1975 are:

Agencies	Fiscal year 1974		Fiscal year 1975	
	Average Positions	Amount	Average Positions	Amount
1. Agriculture.....	6	282	8	342
2. Commerce.....	62	1,660	67	1,878
3. Health, Education, and Welfare.....	7	161	7	190
4. Interior.....	18	445	22	371
5. Interstate Commerce Commission.....	3	65	3	66
6. Labor.....	14	308	17	387
7. Transportation.....	9	246	11	289
8. Treasury.....	4	93	5	118
Total appropriation, authorized level and budget estimate.....	123	3,200	140	3,841

The Committee believes that these functions should be funded in the various agency budgets as they are for the other 24 Federal agencies having emergency assignments. The funds provided will provide for half-year financing in fiscal 1975 at the 1974 level of operations while the agencies work out direct financing.

GENERAL ACTIVITIES

GENERAL MANAGEMENT AND AGENCY OPERATIONS

SALARIES AND EXPENSES

Appropriation, fiscal year 1974.....	\$16,095,000
Budget Estimate, fiscal year 1975.....	10,200,000
House allowance.....	10,650,000
Committee recommendation.....	
Bill compared with:	
Appropriation, fiscal year 1974.....	+10,650,000
Budget estimate, fiscal year 1975.....	-5,445,000
House allowance.....	+450,000

The Budget proposed the inclusion of the Indian Tribal Claims (\$2,523,000) and Business Services Centers (\$1,573,000) activities in this appropriation. The former has been appropriated for as a separate appropriation and the latter is part of the appropriation to the Federal Supply Service.

The Committee recommends an appropriation of \$10,650,000 for salaries and expenses of the General Management and Agency Operations of GSA for fiscal year 1975.

Under this heading the budget proposed the consolidation of a number of activities previously funded under separate appropriations. The Committee has reviewed these proposals and recommends the following reductions, allowances, and realignments:

(a) Concur with the action of the House of Representatives in funding Indian Tribal Claims as a separate appropriation, and the Business Service Centers under the Federal Supply Service;

(b) Disallow without prejudice in its entirety the Bicentennial project amounting to \$849,000 to renovate the Great Hall of the Commerce Department Building into a Federal Exhibit and Service Area; and

(c) Allow \$4,245,000 for Civil Rights activities, and \$805,000 for Communications, Congressional and Public Affairs, the full amounts requested, and \$450,000 more than allowed by the House.

The Committee has allowed 500 of the 713 permanent positions requested under this heading. This allowance results from the separate funding of Indian Tribal Claims (135 positions); funding of the business service centers in the Federal Supply Service (78 positions).

A reduction of \$245,000 as recommended in the House bill would necessitate a reduction of 15 average positions in the Civil Rights program. Only recently has Civil Rights been able to complete the hiring of EEO personnel required by law; accordingly, this reduction will affect the contract compliance program.

Based upon an intensive study of the contract compliance program, GSA recommended and the Office of Federal Contract Compliance (OFCC) accepted as a target that during fiscal year 1975 the Office of Civil Rights would be able to produce 5,311 reviews. Productivity has increased significantly each year and the fiscal year 1975 request reflected these productivity increases. Furthermore, OFCC has imposed contract compliance responsibility for eight additional standard industrial code (SIC) industries. These eight SIC's represent a substantial expansion (almost 50 percent) of GSA's contract compliance responsibility and a significant workload increase.

The inability to fund these 15 average positions at a time of increasing responsibilities will reduce the effectiveness of the Civil Rights program, arrest productivity increases reflected in past years, and render impossible the attainment of GSA's fiscal year 1975 mission objectives.

The House action reduced GSA's budget request for Communications, Congressional and Public Affairs by over 25 percent from \$805,000 to \$600,000. Therefore, with the workload expansion in fiscal year 1975 projected in each of these areas, GSA will not be able to maintain its past level of service to Congress and the public. For example, in fiscal year 1974, GSA: Responded to 15,000 inquiries from Members of Congress through the Office of Congressional Affairs; Answered 12,000 inquiries from the media and general public through the Office of Public Affairs; Worked closely with Congress in critical areas such as prospectuses for new Federal buildings, stockpile disposal legislation, and new programs such as the Federal Buildings Fund; Provided management direction for the Federal Information

Centers that have helped in bringing Government closer to the people. In fiscal year 1974, the FIC's handled approximately 6.5 million inquiries about the Federal Government, a 20 percent increase over the fiscal year 1973 inquiries.

In fiscal year 1975, GSA sees increasing workloads in all of these areas. For example: Inquiries from Congress, the media, and the public are projected to continue their upward trend of the past several years. GSA will continue to work closely with Congress for ongoing programs plus new initiatives.

FEDERAL MANAGEMENT POLICY

SALARIES AND EXPENSES

Appropriations, fiscal year 1974.....	(¹).....
Budget Estimate, fiscal year 1975.....	\$1,820,000
House allowance.....	1,600,000
Committee recommendation.....	1,730,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+1,730,000
Budget estimate.....	-90,000
House allowance.....	+130,000

¹ \$1,350,000 was appropriated for this activity in the appropriation Office of the Administrator, Salaries and Expenses.

The Committee recommends an appropriation of \$1,730,000 for salaries and expenses of Federal Management Policy for fiscal year 1975. The amount recommended is \$130,000 over the House allowance and will support all the full employment of all 64 permanent positions requested.

The Office of Federal Management Policy was established within the General Services Administration last year to perform certain specified policy functions previously exercised by the Office of Management and Budget. These functions include Government-wide responsibility for overall policy development and implementation in the areas of financial management, procurement management, property management, ADP and management systems development. In 1974 the Office was financed at a level of \$1,350,000 through funds appropriated to the Office of Administrator, Salaries and expenses.

INDIAN TRIBAL CLAIMS

Appropriation, fiscal year 1974.....	\$2,290,000
Budget Estimate, fiscal year 1975.....	(¹).....
House allowance.....	2,523,000
Committee recommendation.....	2,523,000
Bill compared with:	
Appropriation, fiscal year 1974.....	+233,000
Budget estimate, fiscal year 1975.....	+2,523,000
House allowance.....	

¹ The Budget proposed the merger of this appropriation into the General Management and Agency Operations account.

The Committee recommends an appropriation of \$2,523,000 for Indian Tribal Claims for fiscal year 1975. The amount recommended is

\$233,000 more than the appropriation for 1974 and will maintain the 135 permanent positions that prepare the accounting reports for the Department of Justice of cases pending before the Indian Claims Commission.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

Appropriation, fiscal year 1974.....	\$60, 000
Budget Estimate, fiscal year 1975.....	99, 000
House allowance.....	60, 000
Committee recommendation.....	60, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	-----
Budget estimate, fiscal year 1975.....	-39, 000
House allowance.....	-----

The Committee recommends an appropriation of \$60,000 for salaries and expenses of Allowances and Office Staff for Former Presidents for fiscal year 1975. The amount recommended is the same as the amount appropriated for 1974; and the House allowance.

This appropriation provides for the annual pensions of \$20,000 each for the widows of former Presidents Truman, Eisenhower, and Johnson. The widow of former President Kennedy is not eligible since she remarried. Last year the Committee urged that these pensions be increased and is pleased to note that legislation is pending which would increase this allowance to \$33,000 per year. However, the legislation has not yet been enacted into law, and the increase of \$39,000 in the budget is therefore not authorized and cannot be funded at this time.

ADMINISTRATIVE AND STAFF SUPPORT SERVICES

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	¹ (\$46, 407, 000)
Budget Estimate, fiscal year 1975.....	¹ (48, 218, 000)
House allowance.....	47, 978, 000
Committee recommendation.....	47, 978, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	+47, 978, 000
Budget estimate, fiscal year 1975.....	+47, 978, 000
House allowance.....	-----

¹ Appropriated in 1974 and requested as a limitation on administrative expenses.

The Committee recommends a direct appropriation of \$47,978,000 for salaries and expenses of GSA's Administrative and Staff Support Services for fiscal year 1975. The amount recommended is the same as the House allowance and provides for a direct appropriation to finance the general administrative and staff support services provided all activities of GSA that were previously funded through an Administrative Operations Fund.

The Administrative Operation Fund was a management fund used for financing these services. It was funded by deposits of amounts appropriated for the purpose from each of the GSA program appropriations, and by deposits from revolving funds and other sources. The

Committee concurs with the action of the House in providing a single direct appropriation for these general administrative and staff support functions. This will eliminate the complicated and unnecessary record keeping currently required. It will also provide this Committee with one consolidated comprehensive budget to review for all general administrative and staff support activities instead of the complicated and confused method of attempting to budget and justify the support costs in each of the various program appropriations, accounts and funds.

On a reimbursable basis, the Administrative Operations Fund also provided general administrative and staff support services to over forty Presidential commissions and small agencies. The capability to provide these services on a reimbursable basis from the direct appropriation is retained.

U.S. Tax Court

SALARIES AND EXPENSES

Appropriation, fiscal year 1974	\$5,818,000
Budget Estimate, fiscal year 1975	6,457,000
House allowance	6,285,000
Committee recommendation	6,285,000
Bill compared with:	
Appropriation, fiscal year 1974	+467,000
Budget estimate, fiscal year 1975	-172,000
House allowance	

The Committee recommends an appropriation of \$6,285,000 for salaries and expenses of the U.S. Tax Court for fiscal year 1975. The amount recommended is \$467,000 more than the appropriation for 1974 and is the same as the House allowance. The amount recommended will maintain the 193 permanent positions. An ironic feature of the new method of the agencies paying rent to GSA is highlighted in this account. Over the last several years, the Committee has appropriated funds for the construction of the new Tax Court building and now the Tax Court faces an annual rental payment of \$1,543,500 for their new building.

DEPARTMENT OF DEFENSE

CIVIL DEFENSE

OPERATION AND MAINTENANCE

Appropriation, fiscal year 1974	\$60,000,000
Budget Estimate, fiscal year 1975	64,300,000
House allowance	60,000,000
Committee recommendation	63,400,000
Bill compared with:	
Appropriation, fiscal year 1974	+3,400,000
Budget estimate, fiscal year 1975	-900,000
House allowance	+3,400,000

The Committee recommends an appropriation of \$63,400,000 for operation and maintenance of the Defense Civil Preparedness Agency for fiscal year 1975. The amount recommended is \$3,400,000 over the amount appropriated for 1974 and the House allowance.

This appropriation not only provides for the operation and maintenance of a nationwide emergency warning and detection system, but also the development and maintenance of the capability to perform essential actions in emergency situations, as well as providing financial assistance to State and local governments to assist them in meeting their responsibilities under the Federal Civil Defense Act of 1950, as amended.

To help and assist communities cope with natural disasters, such as tornadoes and floods, the Committee has maximized the amount of funds for the States, and in particular has restored the full program of training and education.

There are 653 positions authorized, provided that they can be funded within the amount appropriated.

RESEARCH, SHELTER SURVEY AND MARKING

Appropriation, fiscal year 1974.....	\$22, 000, 000
Budget Estimate, fiscal year 1975.....	22, 000, 000
House allowance.....	22, 000, 000
Committee recommendation.....	18, 600, 000
Bill compared with:	
Appropriation, fiscal year 1974.....	-3, 400, 000
Budget estimate, fiscal year 1975.....	-3, 400, 000
House allowance.....	-3, 400, 000

The Committee recommends an appropriation of \$18,600,000 for Research, shelter survey, and marking activities of the Defense Civil Preparedness Agency for fiscal year 1975. The amount recommended is \$3,400,000 under the amount appropriated for 1974 and the House allowance.

This appropriation provides for studies and research to develop measures, provisions and plans for civil defense; the continuance of shelter surveys although at a reduced rate and the marking and equipping of surveyed spaces. The Committee recommendation includes the full amount requested for community shelter planning and the emergency operating centers located in the States and local communities.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1974 AND THE
BUDGET ESTIMATES FOR FISCAL YEAR 1975**

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—FEDERAL FUNDS

Becomes available automatically under earlier, or "permanent" law without further, or annual, action by the Congress. Thus, these accounts are not included in the accompanying bill.

(1) Agency and item	(2) New budget (obligational) authority, 1974	(3) Budget estimates of new authority, 1975	(4) Increase (+) or decrease (—)
TREASURY DEPARTMENT			
Office of the Secretary Miscellaneous appropriations (indefinite, special fund).....	\$22,000	\$23,000	+ \$1,000
U.S. Customs Service Miscellaneous appropriations (permanent, special fund).....	97,000,000	103,000,000	+6,000,000
General revenue sharing.....	6,054,780,000	6,204,780,000	+150,000,000
Interest on the public debt (indefinite).....	29,100,000,000	31,500,000,000	+2,400,000,000
Interest of uninvested funds (indefinite).....	5,222,000	4,804,000	-408,000
Refunding internal revenue collections, interest (indefinite).....	183,470,000	206,317,000	+22,847,000
Contributions for annuity benefits (indefinite).....	1,500,000	1,700,000	+200,000
Internal Revenue collections for Puerto Rico (indefinite, special fund).....	116,000,000	116,000,000	
Cottage profit fund (indefinite, special fund).....	1,610,000	1,300,000	-310,000
Claims, judgments, and relief acts (indefinite).....	22,600,000	22,600,000	
Subsidy payment to Environmental Financing Authority.....	1,263,000	1,350,000	+87,000
Total, Treasury Department.....	35,583,457,000	38,161,874,000	+2,578,417,000

INDEPENDENT AGENCIES			
Civil Service Commission: Payment to Civil Service retirement and disability fund (indefinite)	1,484,702,000	2,007,691,000	+522,989,000
General Services Administration: Expenses, disposal of surplus real and related personal property (indefinite)	1,500,000	1,500,000	-----
Total, independent agencies	1,486,202,000	2,009,191,000	+522,989,000
Total, permanent new budget (obligational) authority, Federal funds	37,069,659,000	40,171,065,000	+3,101,406,000
TREASURY DEPARTMENT			
Pershing Hall memorial fund (indefinite)	7,000	7,000	-----
Bureau of Accounts: Esther Cattell Schmitt gift fund (indefinite)	18,000	18,000	-----
Refunds, transfers, and expenses of unclaimed, abandoned, and seized goods, U.S. Customs Service (indefinite)	2,500,000	2,500,000	-----
State and local government fiscal assistance trust fund	(6,054,780,000)	(6,204,780,000)	(+150,000,000)
Total, Treasury Department	2,525,000	2,525,000	-----
INDEPENDENT AGENCIES			
Advisory Commission on Intergovernmental Relations: Contributions (indefinite)	100,000	100,000	-----
Civil Service Commission: Civil service retirement and disability fund (indefinite)	9,150,691,000	9,973,999,000	+823,308,000
General Services Administration: National Archives gift fund	122,000	122,000	-----
Tax Court of the United States: Tax Court judges survivors annuity fund (indefinite)	71,000	73,000	+2,000
Total independent agencies	9,150,984,000	9,974,294,000	+823,310,000
Total, permanent new budget (obligational) authority, trust funds	9,153,509,000	9,976,819,000	+823,310,000
Total, permanent new budget (obligational) authority, Federal funds	37,069,659,000	40,171,065,000	+3,101,406,000
Grand total, permanent authority	46,223,168,000	50,147,884,000	+3,924,716,000

NOTE.--Except for "Interest on public debt (indefinite)," where estimate was increased by \$1,000,000 on May 30, 1974, amounts are as estimated and shown in the January 1975 budget document. Some items are indefinite in amount, and thus are subject to later reestimation.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1974 AND THE
BUDGET ESTIMATES FOR FISCAL YEAR 1975**

Comparative Statement of Appropriations, Fiscal Year 1974 and 1975 Estimates and House Allowance

Item (1)	Net budget (obligational) authority appropriated, fiscal year 1974 (enacted to date) (2)	Budget esti- mates of new (obligational) authority fiscal year 1975 (3)	New budget (obligational) authority rec- ommended in House bill (4)	New budget (obligational) authority recommended by Senate committee (5)	Increase (+) or decrease (-), Senate bill com- pared with--		
					New budget (obligational) authority fiscal year 1974 (6)	Budget esti- mates of new (obligational) fiscal year 1975 (7)	House bill (8)
TITLE I--TREASURY DEPARTMENT							
Office of the Secretary: Salaries and expenses.....	\$18,642,000	\$28,100,000	\$21,600,000	\$28,500,000	+\$7,958,000	-\$1,600,000	+\$4,900,000
Federal Law Enforcement Training Center:							
Salaries and expenses.....	2,250,000	3,200,000	3,100,000	3,100,000	+850,000	-100,000	
Construction.....		18,915,000	18,915,000	18,915,000	+18,915,000		
Total, Federal Law Enforcement Training Center.....	2,250,000	22,115,000	22,015,000	22,015,000	+19,765,000	-100,000	
Expenses for Economic Stabilization (liquidating functions).....		\$ 2,560,000		2,000,000	+2,000,000	-560,000	+2,000,000
Bureau of Accounts.....	82,078,000	\$ 102,576,000	85,000,000	100,000,000	+17,922,000	-2,576,000	+15,000,000
Government losses in shipment.....	800,000	600,000	600,000	600,000	-200,000		
Bureau of Alcohol, Tobacco, and Firearms.....	79,948,000	\$ 95,299,000	87,500,000	94,639,000	+14,691,000	-660,000	+7,139,000
U.S. Customs Service.....	241,700,000	\$ 287,422,000	283,000,000	284,800,000	+43,100,000	-2,622,000	+1,800,000
Bureau of the Mint:							
Salaries and expenses.....	25,290,000	33,000,000	30,000,000	32,000,000	+6,710,000	-1,000,000	+2,000,000
Construction of Mint facilities.....		11,800,000				-11,800,000	
Total, Bureau of the Mint.....	25,290,000	44,800,000	30,000,000	32,000,000	+6,710,000	-12,800,000	+2,000,000

Bureau of the Public Debt.....	80,880,000	\$ 89,653,000	85,000,000	88,500,000	+7,620,000	-1,153,000	+3,500,000
Internal Revenue Service:							
Salaries and expenses.....	37,087,000	41,500,000	40,000,000	41,000,000	+3,913,000	-500,000	+1,000,000
Accounts, collection, and taxpayer service.....	610,683,000	721,025,000	705,000,000	712,600,000	+101,917,000	-8,425,000	+7,600,000
Compliance.....	664,430,000	807,940,000	780,000,000	791,000,000	+126,570,000	-16,940,000	+11,000,000
Total, Internal Revenue Service.....	1,312,200,000	1,570,465,000	1,525,000,000	1,544,600,000	+222,400,000	-25,865,000	+19,600,000
Federal Tax Lien Revolving Fund.....		500,000	500,000	500,000	+500,000		
Office of the Treasurer.....	13,200,000	15,500,000	14,000,000	14,000,000	+800,000	-1,500,000	
U.S. Secret Service.....	69,550,000	\$ 83,075,000	77,000,000	79,300,000	+9,750,000	-3,775,000	+2,300,000
Total title I, Treasury Department, new budget (obligational) authority.....	1,926,738,000	2,342,665,000	2,231,215,000	2,289,454,000	+262,715,000	-53,211,000	+38,239,000
TITLE II--UNITED STATES POSTAL SERVICE							
Payment to the Postal Service Fund.....	1,698,000,000	1,552,607,000	1,550,000,000	\$ 1,550,000,000	-148,000,000	-2,607,000	
TITLE III--EXECUTIVE OFFICE OF THE PRESIDENT							
Compensation of the President.....	250,000	250,000	250,000	250,000			
Council of Economic Advisers.....	1,414,000	1,607,000	1,600,000	1,600,000	+186,000	-7,000	
Council on International Economic Policy.....	1,376,000	1,800,000	1,600,000	1,600,000	+224,000	-200,000	
Disaster Relief.....	400,000,000	¹⁰ (100,000,000)			-400,000,000	(-100,000,000)	
Domestic Council.....	1,100,000	1,331,000	1,250,000	1,250,000	+150,000	-81,000	
Economic Stabilization Activities.....	75,395,000				-75,395,000		
Emergency fund for the President.....	1,000,000	1,000,000			-1,000,000	-1,000,000	
Executive Residence.....	1,433,000	1,695,000	1,695,000	1,695,000	+262,000		
Official residence of the Vice President, operating expenses.....				315,000	+315,000	+315,000	+315,000
Expenses of Management Improvement.....	350,000	500,000			-350,000	-500,000	

See footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1974 AND THE
BUDGET ESTIMATES FOR FISCAL YEAR 1975--Continued

Comparative Statement of Appropriations, Fiscal Year 1974 and 1975 Estimates and House Allowance--Continued

Item (1)	Net budget (obligational) authority appropriated fiscal year 1974 (enacted to date) (2)	Budget esti- mates of new (obligational) authority fiscal year 1975 (3)	New budget (obligational) authority recom- mended in House bill (4)	New budget (obligational) authority recommended by Senate committee (5)	Increase (+) or decrease (-), Senate bill com- pared with--		
					New budget (obligational) authority fiscal year 1974 (6)	Budget esti- mates of new (obligational) authority fiscal year 1975 (7)	House bill (8)
National Commission on Productivity.....	11,885,000	\$2,500,000	\$1,500,000	\$1,500,000	+\$615,000	-\$1,000,000	
National Security Council.....	2,802,000	2,882,000	2,900,000	2,900,000	+98,000	-32,000	
Office of Management and Budget.....	19,493,000	23,400,000	19,400,000	22,500,000	+3,100,000	-900,000	+\$3,100,000
Office of Telecommunications Policy.....	2,126,000	9,512,000	9,400,000	7,500,000	+5,374,000	-2,012,000	-1,900,000
Special Action Office for Drug Abuse Prevention.							
Salaries and expenses.....	5,000,000	7,000,000	3,000,000	3,000,000	-2,000,000	-4,000,000	
Pharmacological research.....	20,000,000	(12)	4,000,000	4,000,000	-16,000,000	+4,000,000	
Special fund.....	26,000,000	11,000,000	11,000,000	11,000,000	-15,000,000		
Total, Special Action Office for Drug Abuse Prevention.....	51,000,000	18,000,000	18,000,000	18,000,000	-33,000,000		
Special Assistance to the President.....	692,000	920,000	910,000	910,000	+218,000	-10,000	
Special Projects.....	13,414,000				-414,000		
White House Office.....	11,260,000	16,510,000	16,367,000	16,367,000	+5,107,000	-143,000	
Total, title III, Executive Office of the President, new budget (obligational) authority.....	579,907,000	54,357,000	74,674,000	76,367,000	-494,510,000	-5,570,000	+1,515,000

TITLE IV--INDEPENDENT AGENCIES									
Administrative Conference of the United States.....	600,000	755,000	750,000	750,000	750,000	+150,000	-5,000		
Advisory Commission on Intergovernmental Relations.....	1,106,000	1,101,000	1,060,000	1,075,000	1,075,000	-31,000	-26,000		+25,000
Advisory Committee on Federal Pay.....	130,000	130,000	130,000	130,000	130,000				
Civil Service Commission:									
Salaries and expenses:									
Appropriation.....	71,234,000	91,526,000	89,647,000	90,000,000	90,000,000	+18,766,000	-1,526,000		+353,000
By transfer.....	(15,016,800)	(18,698,000)	(18,698,000)	(18,698,000)	(18,698,000)	(+3,681,200)			
Government payment for annuitants, employees health benefits.....	163,114,000	11 264,817,000	264,817,000	264,817,000	264,817,000	+101,703,000			
Payment to civil service retirement and disability fund.....	881,905,000	882,287,000	882,287,000	882,287,000	882,287,000	+382,000			
Federal Labor Relations Council.....	777,000	980,000	975,000	975,000	975,000	+198,000	-5,000		
Intergovernmental personnel assistance.....	10,000,000	15,000,000	15,000,000	15,000,000	15,000,000	+5,000,000			
Total, Civil Service Commission.....	1,127,030,000	1,254,610,000	1,252,726,000	1,253,079,000	1,253,079,000	+126,049,000	-1,531,000		+353,000
Commission on the Review of the National Policy Toward Gambling.....	250,000	1,251,000	250,000	1,000,000	1,000,000	+750,000	-281,000		+750,000
Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped.....	240,000	252,000		252,000	252,000	+12,000			+252,000
General Services Administration:									
Public Buildings Service:									
Operating expenses.....	15 500,232,000					-500,232,000			
Repair and improvement of public buildings.....	16 103,653,000					-103,653,000			
Construction, public buildings projects.....	2,572,000					-2,572,000			
Sites and expenses, public buildings projects.....	500,000					-500,000			
Payments, public buildings purchase contracts.....	7,300,000					-7,300,000			
Expenses, U.S. court facilities.....	7,000,000					-7,000,000			

See footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1974 AND THE
BUDGET ESTIMATES FOR FISCAL YEAR 1975--Continued

Comparative Statement of Appropriations, Fiscal Year 1974 and 1975 Estimates and House Allowance--Continued

Item (1)	New budget (obligational) authority appropriated, fiscal year 1974 (enacted to date) (2)	Budget esti- mates of new (obligational) authority fiscal year 1975 (3)	New budget (obligational) authority rec- ommended in House bill (4)	New budget (obligational) authority recommended by Senate committee (5)	Increase (+) or decrease (-), Senate bill com- pared with--		
					New budget (obligational) authority fiscal year 1974 (6)	Budget esti- mates of new (obligational) fiscal year 1975 (7)	House bill (8)
General Services Administration--Continued							
Public Buildings Service--Continued							
Disposal of Surplus Real and Related Personal Prop- erty.....		\$7,727,000	\$7,200,000	\$7,200,000	+\$7,200,000	-\$527,000	
Federal Buildings Fund (limitation).....		(980,000,000)	(871,875,000)	(1,044,925,000)	(+1,044,925,000)	(+64,925,000)	(+\$173,050,000)
Total, Public Buildings Service.....	\$621,287,000	7,727,000	7,200,000	7,200,000	-614,087,000	-527,000	
Federal Supply Service.....	101,950,000	188,158,000	165,500,000	165,500,000	+63,550,000	-22,658,000	
National Archives and Records Service:							
Operating expenses.....	41,080,000	56,064,000	50,500,000	50,000,000	+8,920,000	-6,064,000	-500,000
Records declassification.....	1,085,000		1,305,000	1,305,000	+220,000	+1,305,000	
Total, National Archives and Records Service.....	42,165,000	56,064,000	51,805,000	51,305,000	+9,140,000	-4,759,000	-500,000
Automated Data and Telecommunications Service.....	7,100,000	8,278,000	7,000,000	7,000,000	-100,000	-1,278,000	
Property Management and Disposal Service.....	38,200,000				-38,200,000		

Preparedness Activities:									
Office of Preparedness, Salaries and Expenses.....									
Defense Mobilization Functions of Federal Agencies.....									
Total, Preparedness Activities.....		5,096,000	7,999,000	7,650,000	7,650,000	+2,554,000	-349,000		-----
		3,260,000	3,841,000	3,000,000	1,500,000	-1,760,000	-2,341,000		-1,500,000
		8,356,000	11,840,000	10,650,000	9,150,000	+794,000	-2,690,000		-1,500,000
General Activities:									
Salaries and expenses, Office of the Administrator.....									
General Management and Agency Operations, Salaries and Expenses.....									
		2,950,000	(17)			-2,950,000			-----
Federal Management Policy, Salaries and expenses.....									
			16,065,000	10,200,000	10,650,000	+10,650,000	-5,445,000		+450,000
			1,820,000	1,600,000	1,730,000	+1,730,000	-90,000		+130,000
		2,290,000	(17)	2,523,000	2,523,000	+233,000	+2,523,000		-----
Indian tribal claims.....									
		60,000	99,000	60,000	60,000		-39,000		-----
Allowances and office staff for former Presidents.....									
Administrative and Staff Support Services, Salaries and Expenses (Administration Operations Fund).....									
		(46,407,000)	(48,218,000)	47,978,000	47,978,000	+47,978,000	+47,978,000		-----
		5,300,000	18,014,000	62,361,000	62,941,000	+57,641,000	+44,927,000		+580,000
		824,258,000	290,081,000	304,516,000	303,096,000	-521,262,000	+13,015,000		-1,420,000
		5,318,000	6,457,000	6,285,000	6,285,000	+467,000	-172,000		-----
U.S. Tax Court: Salaries and expenses.....									
Department of Defense:									
Civil Defense:									
Operation and maintenance.....									
		60,000,000	64,300,000	60,000,000	63,400,000	+3,400,000	-900,000		+3,400,000
Research, shelter survey and marking.....									
		22,000,000	22,000,000	22,000,000	18,600,000	-3,400,000	-3,400,000		-3,400,000
		82,000,000	86,300,000	82,000,000	82,000,000		-4,300,000		-----

See footnotes at end of table.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1974 AND THE
BUDGET ESTIMATES FOR FISCAL YEAR 1975—Continued**

Comparative Statement of Appropriations, Fiscal Year 1974 and 1975 Estimates and House Allowance—Continued

Item	Net budget (obligational) authority appropriated, fiscal year 1974 (enacted to date)	Budget esti- mates of new (obligational) authority fiscal year 1975	New budget (obligational) authority recom- mended in House bill	New budget (obligational) authority recommended by Senate committee	Increase (+) or decrease (-), Senate bill com- pared with—	
					New budget (obligational) authority fiscal year 1974	Budget esti- mates of new (obligational) authority fiscal year 1975 House bill
(1)	(2)	(3)	(4)	(5)	(6)	(7) (8)
Department of Health, Education, and Welfare:						
Health Services and Mental Health Administration:						
Emergency relief.....	\$6,000,000					
Total, title IV, independent agencies, new budget (obligational) authority.....	2,047,532,000	\$1,640,967,000	\$1,647,707,000	\$1,647,667,000	-399,865,000	+86,700,000
Grand total, titles I, II, III, and IV, new budget (ob- ligational) authority.....	6,243,167,000	5,618,196,000	5,568,794,000	5,568,506,000	-679,659,000	-54,688,000
						+59,714,000

Includes \$3,600,000 budget amendment (Senate Document 93-83, May 30, 1974).
 Includes \$2,560,000 budget amendment (Senate Document 93-86, June 19, 1974).
 Includes \$15,376,000 budget amendment (Senate Document 93-83, May 30, 1974).
 Includes \$899,000 budget amendment (Senate Document 93-83, May 30, 1974).
 Includes \$1,822,000 budget amendment (Senate Document 93-83, May 30, 1974).
 Includes \$1,253,000 budget amendment (Senate Document 93-83, May 30, 1974).
 Includes \$7,625,000 budget amendment (Senate Document 93-83, May 30, 1974).
 Includes \$4,640,000 budget amendment (Senate Document 93-83, May 30, 1974).
 Includes \$3,576,000 budget amendment (Senate Document 93-83, May 30, 1974).
 Fiscal year 1975 budget estimate of \$106,000,000 will be funded in HUD appropriation bill.

Includes \$385,000 expended under continuing resolution.
 Includes \$4,000,000 for pharmacological research included in salaries and expenses.
 Includes \$414,000 expenses under continuing resolution.
 Includes \$83,237,000 budget Amendment (House Document 93-286, April 11, 1974).
 Excludes \$82,000,000 authorized to be transferred to repair and improvement account.
 Includes \$82,000,000 authorized to be transferred from operating expenses.
 The 1975 budget proposed that activities under this appropriation account be funded under General Management and Agency Operations in fiscal year 1975.